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Bank Deal Compromises Euro's Historic Debut

New Currency Appears Wedded to Politics

By John Vinocur international Herald Tribun

BRUSSELS - As much as the leaders of the European Union wanted to launch their new monetary union into a high and confident orbit at a summit meeting here over the weekend, they failed to mark their enterprise with a sense of promise and momentum.

Instead, they brought doubt and the potential for discredit to the presidency of the new European Central Bank, the post that was meant to symbolize the euro's coming strength and its independence from political pressure. The new Europe of the single currency, with its ambitions to serve as a global rival to the dollar, wound up looking remarkably like the old one, with a dark trace of deals, dissembling and nationalism staining its first day out in the world

In concocting an arrangement that will have Wirn Duisenberg, the bank's first president, serving four years instead of the eight he insisted that the bank needed to guarantee its independence, the leaders chose a man who had effectively handed in his letter of resignation and mortgaged his own effectiveness before taking office. In agreeing to a political deal that he insisted he wanted despite having campaigned against it for months. Mr. Duisenberg not only strained credulity but raised questions about his ability to resist political pressure in the future.

But this torturous episode went further. Mr. Duisenberg's shortened term and the designation of Jean-Claude Trichet.

governor of the Bank of France, as his successor for a full eight-year mandate after that seemed likely to heighten doubts in Germany about the euro's solidity and create fertile ground for the struggle between France and Germany about how much direct political influence should be exercised on the now potentially compromised independence of the central

Chancellor Helmut Kohl, who had backed Mr. Duisenberg, was very clearly not the winner in an arena where his skills and experience had so often dominated. With his grip on power loosened at home by unfavorable poll projections for national elections in September, the summit meeting made Mr. Kohl appear palpably in

decline and Germany less effective in con-ANALYSIS trolling events within the EU. Alongside this, there was the increased possibility of a loss of confidence in the international investment community that the single currency's strength would be guaranteed by Germany's preeminent position at the bank and within the

European apparatus. To the same extent, the success of President Jacques Chirac of France in getting Mr. Duisenberg's term limited and in creating a French-dominated future for the central bank was likely to support the idea that European monetary policy in coming years could reflect France's desire to keep the bank under a degree of political control - an idea rejected by the

See COMPROMISE, Page 10

EU Leaders Yield to France on Split Term

By Barry James

BRUSSELS - The botched election of the head of the European Central Bank cast a shadow Sunday over the historic decision to weld 11 nations and nearly 300 million people into a single-currency zone to rival the United States in size and economic heft.

Many analysts said the shambling performance by heads of state and governments could affect the credibility of the bank, and an uncertain market reaction Monday awaited the European currencies that will form part of the new coinage, the euro. At a summit meeting here, the government chiefs appointed

Wim Duisenberg of the Netherlands to head the central bank, but with French-imposed conditions that brought into question the bank's freedom from political interference. Mr. Duisenberg said he would step down halfway through

his eight-year term to make way for Jean-Claude Trichet of France. He had not earlier said he would be willing to serve a truncated term, and there was no immediate explanation as to why he had changed his mind.

But it will be his name that appears on the new euro bank otes that will start going into circulation Jan. 1, 2002. Some said the unseemly squabble over who would become

Europe's equivalent to Alan Greenspan, the U.S. Federal Reserve Board chairman, would soon be forgotten as the new

"From the outside it may not appear a brilliant spectacle,

Appointed Mr. Duisenberg — the preferred candidate of every country except France — to the central bank presidency

hours of my experience.

twiddled their thumbs.

the search for a compromise.

for a full term of eight years on the understanding that he

See DEAL, Page 10

but in a few weeks no one will talk about how the decision was

taken," Prime Minister Jean-Luc Dehaene of Belgium said.

It should have been a celebratory weekend of photo op-portunities and speeches as the government leaders pro-claimed 11 nations — Austria, Belgium, Finland, France,

Germany, Ireland, Italy, Luxembourg, the Netherlands, Por-

tugal and Spain — members of a single currency zone big

enough to rival the United States. At the same time, finance

ministers set the rates at which national currencies will be

But instead of celebrations, a dispute between France and

Prime Minister Tony Blair of Britain, the chairman of the

A Dutch spokesman said the talks were tense. Mr. Blair's

meeting, summoned President Jacques Chirac of France and

Chancellor Helmut Kohl of Germany into a private room in

spokesman, Alistair Campbell, said they were "heart-pound-

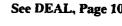
ing. "Mr. Kohl said the talks were among "the most difficult

Eventually, the leaders agreed on a Byzantine formula that:

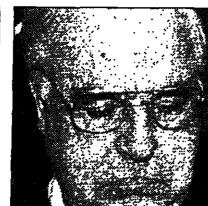
Germany over the bank's top job dragged on for more than 10

hours, into the early hours of Sunday, while other ministers

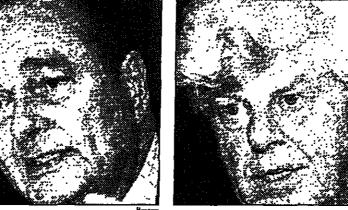
converted as they go into the currency union Jan. 1, 1999.













For Jakarta, Is IMF Bane or Boon?

By Michael Richardson nternational Herald Tribune

SINGAPORE - Will the \$43 billion in loans for Indonesia marshaled by the International Monetary Fund strengthen reform or just prolong the cozy relationship between government and business that enabled a small group - including many relatives and friends of President Suharto — to amass personal fortunes, dominate the Indonesian economy and then cause its virtual collapse?

As the IMF board prepares to meet in Washington on Monday to review the situation in the world's fourth most populous nation, debate on this key question mains sharp within Indonesia and

But analysts said Sunday that recent moves by Mr. Suharto's government to implement the reform program it signed with the IMF last month would probably persuade the board to give it the benefit of the doubt. This would mean approval of a \$1 billion installment of the emergency loan that was suspended in March because of concerns about Jakarta's commitment to change -- especially to end monopolies, cartels and other business practices that favored companies with close ties to the government.

Still, Mr. Suharto's reluctance to honor the terms of two previous agreements with the IMF, one of which he personally signed, has prompted the Fund to impose much tighter surveillance and conditions for disbursement on Jakarta this time.

Indonesia turned to the IMF to bolster its plunging foreign-exchange reserves and restore stability after its currency, the rupiah, started to fall sharply in value last October. Because many major Indonesian conglomerates had borrowed heavily in dollars, their debts quickly became virtually impossible to repay, and the crisis exposed a fragile banking system.

The Indonesian central bank said April 16 that foreign debt owed by companies, including state-owned ones, totaled \$80.2 billion at the end of January. The bank said Sunday that private foreign debt amounted to \$64 billion,

according to the Antara news agency.

Analysts said many of Indonesia's more than 200 private banks were units of the companies that had done most of the borrowing from them. They noted further that, before the crisis, state banks were notorious for giving unsecured

loans to friends of government leaders. Kwik Kian Gie, an Indonesian economist, said he estimated that most of the country's crippling private debt could ultimately be traced back to companies owned or controlled by about 50 ty-

"The point is that these people are nearly all close to the ruling elite and that the conglomerates they head control more than 80 percent of the country's GDP," or gross domestic product,

The Indonesian government has already shut a number of insolvent banks. including several in which Mr. Suharto's relatives had interests. Ginandjar Kartasasmita, the minister supervising the reform program, said last week that it was likely that more would be closed.

But the rating company Standard & Poor's Corp. criticized the recent de-cision taken by the Indonesian Banking Restructuring Agency to release nine weak banks from its supervision, saying this could delay reform and further erode confidence in the Indonesian banking system. Standard & Poor's said

See INDONESIA, Page 4

ON PAGE 11

• Britain's strategy on the euro • Wim Duisenberg, a zealous conlooks increasingly awkward.

• The battle over the bank could

rattle markets temporarily.

vert to tight monetary policy.

· What's a euro worth? For now, about \$1.10.

U.S.-Israel Friction Seen If London Meetings Fail

By Steven Erlanger New York Times Service

LONDON — If Monday's meetings between Secretary of State Madeleine Albright and the Israeli and Palestinian leaders go as badly as American officials seem to expect, President Bill Clinton will face some hard choices that could bring him into more open confrontation with Prime Minister Ben-

iamin Netanyahu. After a week of Middle East shuttling by Dennis Ross, the special U.S. envoy, and an unscheduled session early Sunday at the Tel Aviv airport between Vice President Al Gore and Mr. Netanyahu,

American officials continued to say that they have little expectation for a breakthrough here.

They suggest that despite all the American massaging of Mr. Netanyahu lately, especially around the 50th anniversary of the founding of Israel, the Israeli leader is not prepared to accept the U.S. proposals for a 13 percent withdrawal from the West Bank and thinks he can withstand, in political terms, any pressure that might result from public

American disapproval of his position.

"Secretary Albright is entering this meeting without any advance knowledge that the key gaps are about to be closed," her spokesman, James Rubin, said Sunday. "This is an extremely im-portant meeting, and afterwards we'll

decide what next steps to take.' U.S. officials deny, however, that they could remove themselves from the search for Middle East peace. But they could, if Mr. Clinton approves, take steps to pressure Mr. Netanyahu or even punish him, by publicly blaming him for the impasse or even suspending some

American aid.

The U.S. proposals are designed to complete interim Israeli withdrawals from the West Bank, as called for in the 1993 and 1995 Oslo accords, in stages. in return for Palestinian steps to counter terrorists. The proposals would commit both sides to begin accelerated negotiations on a final settlement between them, which was envisaged in Oslo to be completed by May 1999. Mrs. Albright will meet separately here on Monday morning with Mr. Netanyahu at his hotel and later with Yasser Arafat, the Palestinian leader, at the U.S. Embassy.

See MIDEAST, Page 10

Agreement Draws Scorn From Range **Of Europeans**

By John Schmid

FRANKFURT — Critics across Europe's political spectrum poured scorn Sunday on a compromise over the leadership of the new European Central Bank, charging that the weekend's overt deal-making violated the Maastricht treaty and "deforms" the European Union's single currency at its birth.

The most blistering attacks were directed at Chancellor Helmut Kohl of Germany. Political opponents at home ioined business leaders in accusing him of caving in to French demands to split the eight-year term of the European Central Bank's first president between rival French- and German-backed can-

Germany's opposition Social Demo-cratic Party cited a "breach" of the 1991 Maastricht treaty on European economic and monetary union, which stipulates an eight-year term as a con-dition of the independence of the bank and its directors.

Germany's already frail public trust in the euro, the single currency, was further weakened, the Social Democrats said. "It is bad for all those of us who have to defend the euro to people across the country," said Franz Muenterfering, general manager for the Social Demo-

The compromise invites other parties to violate the Maastricht treaty, said Mr. Muenterfering, echoing warnings heard elsewhere Sunday in Germany.

"The government leaders could not have done a greater disservice to the reputation of the ECB and the preconditions for a positive euro start," according to the German Association of Savings Banks.

EU leaders meeting in Brussels appointed Wirn Duisenberg, the Dutchman whom Germany wanted in the post, as the first president of the European Central Bank. Although he won a full eight-year term, Mr. Duisenberg announced immediately that he intended to retire under his own "free will" after only four years, which would clear the way for the Bank of France governor. Jean-Claude Trichet, to take his place.

Even if it was a "gentleman's agreement," Mr. Duisenberg's voluntary job-share results from "political pressure," the German banking group said.

The truncated term "could diminish the historic undertaking of the euro and its internal and external stability," said Uwe-Karsten Heye, spokesman for Gerhard Schroeder, the Social Demo-crat challenger to Mr. Kohl in the German election Sept. 27.

See SCORN, Page 10

AGENDA

Talks Over, Turkish Cypriot Chief Says

NICOSIA (AFP) — The leader of the breakaway Turkish Cypriot state, Rauf Denktash, said Sunday that the U.S. envoy Richard Holbrooke was ending his current mediation mission and would not return to the divided island next weekend as planned.

Mr. Holbrooke arrived in Cyprus on Friday for reunification talks with Mr. Denktash and the Cyptiot president, Glavkos Klerides. Mr. Denktash said Mr. Holbrooke would leave Cyprus on Monday and would not return Saturday as planned.

"This series of shuttles by Mr. Holbrooke is over," he said.

Turkey invaded Cyprus in 1974 after a coup attempt in Nicosia backed by the Greek military covernment. by the Greek military government.

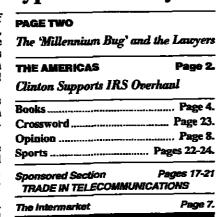
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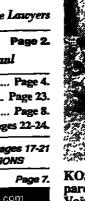
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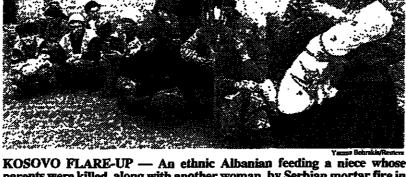
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parents were killed, along with another woman, by Serbian mortar fire in Vojnik, Yugoslavia. In Ponosevac, five policemen were wounded Sunday.

A Cure for Cancer? Elated Doctors Cautiously Point to Healthy Mice

By Gina Kolata New York Times Service

NEW YORK - Within a year, if all goes well, the first cancer patient will be injected with two new drugs that can eradicate any type of cancer, with no obvious side effects and no drug resistance — in mice.

Some cancer researchers say the drugs are the most exciting treatment that they have ever seen. But then they temper

their enthusiasm with caution, noting that the history of cancer treatments is full of high expectations followed by dashed hopes when drugs with remarkable effects in animals are tested in people.

Still, the National Cancer Institute has made the drugs their top priority, said Dr. Richard Klausner, the director. He called them "the single most exciting thing on the horizon" for the treatment of cancer.

"I am putting nothing on higher pri-

ority than getting this into clinical tri-als," Dr. Klausner said.

He said that while the mouse studies were "remarkable and wonderful" he nevertheless wanted to emphasize "the if's" that remain because the studies had been done only on mice and not in humans. The new drugs, angiostatin and endostatin, work by interfering with the blood supply that tumors need. Given together, they make tumors disappear and not return.

Dr. James Pluda, who is directing the cancer institute's planned tests of the drugs in patients, said he and others at the institute were "electrified" when they heard the drug's discoverer deliver a lecture about the newest results. "People were almost overwhelmed," he said. "The data were remarkable."

Although the discovery of the drugs, and some of their effects, have been reported over the past few years, Dr. Pluda said that "if people understood

how many steps ahead" the research was compared to what had been published, "they'd be even more in awe."

But Dr. Jerome Groopman, a cancer researcher at the Harvard Medical School, was wary. "We are all driven by hope," he said. "But a sober scientist waits for the data." And until the drugs are given to humans, he added, the crucial data simply do not exist.

See CANCER, Page 10









Responsibility for the 'Millennium Bug' Puts a Gleam in Lawyers' Eyes

By Rajiy Chandrasekaran Vashington Post Service

ASHINGTON — The year 2000 is still 20 months away, but the legal blame game already has begun. At issue: Who should pay the costs of the "millennium bug," a glitch that has left computers all over the world unable to recognize dates after

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Near Detroit, a grocery store is suing a cash register maker whose machines cannot accept credit cards that expire in 2000. In Ohio, a company that makes accounting software is being brought to court by a computer company in Connecticut. And in New York, a well-known law firm is spearheading a class action lawsuit against the developer of popular computer virus-blocking technology.

The lawsuits are the first in what legal specialists predicted

could be a wave of litigation that eventually could prove more expensive and time-consuming than the worldwide effort to fix the glitch. The cost of hiring programmers and buying new computers is forecast by industry analysts to be \$300 billion to \$600 billion. The price tag for lawyers' fees and compensating people for any failures that occur, though no one knows how many there will be, could reach \$1 trillion. according to some new estimates.

"We used to think that programmers would be the ones to profit from this," said Lou Marcoccio, a research director at the Gartner Group consulting firm. "Now it's becoming clear that lawyers stand to gain the most here."

Lawyers have started attending seminars on how to bring and defend Year 2000 cases. Law firms eager to get in on the action have set up Internet sites and have sent out mass mailings to attract clients.

mailings to attract clients.

"There'll be as many, if not more, lawyer-driven cases as there will be customer-driven ones," said Kirk Ruthenberg, a partner in the Washington office of Sonnenschein Nath & Rosenthal, who teaches a seminar on Year 2000 legal issues Corporate executives complain that people are so afraid of

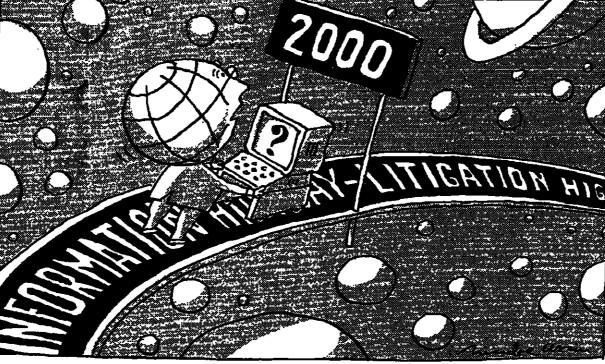
being sued that they cannot get a straight answer from their banks, suppliers or vendors on whether their computer systems will be ready to function at the end of the century Requests for information about readiness are routed through lawyers — not technicians — who send out boilerplate language saying the company is working hard and is highly confident its systems will be ready.

At the same time, insurance companies are furiously rewriting policies and seeking legislative changes to protect them from what they expect to be a wave of claims — and finger-pointing — when computer systems fail. If a date-related computer failure were to prevent an airline from flying, for example, who will make up the millions of dollars in lost ticket revenue? Should the airline just swallow the cost, or are its computer and software suppliers liable? How about individual programmers? Or the insurance companies that cover those parties?

Preliminary estimates for litigation and settlement costs range from \$100 billion to \$1 trillion, a figure advanced by Lloyds of London and the Giga Information Group, a consulting firm in Cambridge, Massachusetts.

That could rival legal fees and settlements associated with

such products as silicone breast implants, asbestos or tobacco. Andrew Grove, chairman of the computer chip maker Intel Corp., predicted recently that the United States "is defective and failed to disclose that," said Salvatore Grazi-



the asbestos litigation to shame," Mr. Grove said.
The explosion of such suits probably will not start until next year, industry specialists said. But Mr. Marcoccio, who monitors Year 2000 work at 375 large law firms, said he knows of about 200 disputes that have been settled out of court. "Most of them were resolved for substantial sums, between \$1 million and \$10 million per settlement," he said.
No Year 2000 case has yet been decided by a court, but

legal observers and technology companies are watching closely the first class-action suits, all of which have been brought by the high-profile New York law firm of Milberg Weiss Bershad Hynes & Lerach. A victory by Milberg, the nation's most prolific filer of class-action suits accusing companies and executives of securities frand, could lead to a quick flood of similar suits, experts said. Even a loss wouldn't necessarily dissuade further legal action, they said only a change in lawyers' litigation strategy.

Milberg's first case was filed in December on behalf of Atlaz International Ltd., a New York computer equipment vendor, which charged Software Business Technologies Inc. of San Rafael, California, with breach of warranty, fraud and unfair business practices. Milberg alleges that Software Business is improperly forcing customers, including Atlaz, to buy a pricey new version of its accounting software to correct the date glitch instead of providing a free "patch" to

going to be tied down in a sea of litigation" over the next | ano, a Milberg lawyer representing Altaz, which is seeking decade because of the Year 2000 problem. "It's going to put | more than \$50 million from Software Business. "Our position is that the upgrades should be given for free."

A lawyer representing Software Business said that after the suit was filed, the company started offering a free software "patch" to fix the problem in versions of its software used by Atlaz. But he acknowledged that the repair won't work for other, earlier editions of the software. "The engineering task of going back and altering" the old software code "is substantial," said David Furbush, an attorney presenting Atlaz.

Milberg's other two class-action suits - one against an Ohio accounting software firm, Macola Inc., and the other against the anti-virus software maker Symantec Corp. make similar claims for the same reason: The companies are requiring users to pay for new versions of software that are Year 2000-compliant.

Despite the recent lawsuits, software companies don't appear to be backing down from the upgrade charges. In January 1997 only about 1 percent of software vendors were charging for Year 2000 upgrades, Mr. Marcoccio said. By this January, 29 percent were, he said. "They see the year 2000 as a way to sell new software, to make money," he said. 'It can be a risky strategy.'

A spokesman for Symantec, which makes the popular Norton AntiVirus software, said that people who use viruschecking software should be buying updates anyway to get the latest protection. "You need up-to-date products to scan for viruses." said Richard Saunders, a company spokesman who added that the Milberg suit "is without merit."

In all three of the Milberg cases none of the plaintiffs has yet suffered actual Year 2000-related computing problems.

Produce Palace in Warren, Michigan, already knows what that's like. Its cash registers will not accept credit cards that expire in the year "00" or beyond. If a cashier swipes such a card through the magnetic reader on a register, it can cause the store's entire computer system to crash, said Brian Parker, the store's lawyer.

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4 From Politics

Parker, the store's tawyer.

"Imagine a Saturday afternoon and the registers go down in all 10 aisles," Mr. Parker said. "It's been chaotic for them."

After unsuccessfully trying to fix the problem, the store sued the cash register maker, TEC America Inc., and its distributor, All American Cash Register Inc. Last month Mr. Parker said a mediator recommended that the Produce Palace be compensated \$250,000. The store has not decided whether to accept the settlement; Mr. Parker said he expected the case to go to trial. A TEC America spokesman would not comment on details of the suit.

awsuits against technology companies may be only the first step in a years-long stream of litigation. Specialists predict that by late 1999, when some ousinesses start to experience system failures, second round of chain-reaction lawsuits will ensue among all sorts of companies.

Investors who see a company's stock price slide because of Year 2000-related expenses and system failures could mount class action suits, claiming that corporate officers failed to adequately inform shareholders of the problem.

"Both breach of contract suits between busin shareholder suits will be rampant," said Jeff Jinnett, a lawyer with the New York firm of LeBoeuf, Lamb, Greene &

A final wave of litigation, experts said, will begin in 2000 and involve insurance companies, as defendants seek to force their insurers to cover their legal fees and any damages they are ordered to pay. The cost to the insurance industry could reach \$65 billion, said Todd Muller, an assistant vice president at the Independent Insurance Agents of America, a trade group in Virginia.

"There's going to be a huge impact on the insurance industry," Mr. Muller said.

The insurance industry is moving quickly to prevent suits by revising policies to exclude Year 2000-related claims on the grounds the peril was not known to exist when the policies were created, and as a result, premiums never were collected for such coverage.

At the same time, insurers are arguing that the problem was entirely predictable, and therefore isn't coverable, because insurance is only for the unpredictable. "This is a foreseeable event," said Steven Goldstein,

spokesman for the Insurance Information Institute, a trade group in New York. "We're not going to be the bank of last resort to pay for this."

But whatever steps the insurers take, Mr. Muller predicted, when their claims are denied, people are going to go to

"Insurance sells itself as a public-service operation," said Eugene Anderson of Anderson, Kill & Olick in New York, who has won dozens of cases against insurers. "They are the safe hands, the rock of Gibraltar, the good neighbors. When there's a problem they can't just say, 'Oh well, we don't cover that.' It's contrary to the very idea of insurance."

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it simply bubbles with activity.





TRAVEL UPDATE

warned U.S. citizens to be on their guard after a black American was beaten by skinheads in an apparent racist attack Saturday.

"A group of so-called skinheads attacked and beat a member of the official American community of Afro-American origin," the embassy said in a statement. "The American Embassy in Moscow again warns its citizens to exercise caution in areas where groups of skinheads are known to loiter.

It issued a similar warning, especially aimed at Americans

Are You Prepared ?
1997 & 1998 Will Generate
Major Currency Moves. Global Currency Analysis Execution Forex or Futures \$10,000 to \$5,000,000 (USD) COMMISSION 2-5 FX Spreads Futures \$12-\$3

Russia Violence Prompts U.S. Alert

MOSCOW (Reuters) — The U.S. Embassy in Moscow has

of African or Asian origin, 10 days before the attack Sanntlay in Fili Park in western Moscow, which is home to a big musicy market specializing in bootleg tapes and compact disks.

Singapore Tourism Declines 20%

SINGAPORE (AFP) — The number of tourists arriving in Singapore fell by nearly 20 percent in the first quarter, to 1.52; million visitors, compared with the same period last year, Singapore Tourism Board figures showed Sunday.

Tourism in the region has been dampened by the Asian; economic crisis and the threat of haze caused by forest fires in

While Japan was the single largest source of tourists, with 80,605 visitors, the number of Japanese arriving was 305 percent lower than in the first quarter of 1997.

The board said that the total number of visitors in March fell by 21 percent, to 519,585, compared with a year ago, but was up slightly from the 497,620 arrivals in February.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Australia, Britain, Ireland, Japan, Namibia, Russia, Utraine. TUESDAY: Gambia, Japan, Kyrgyzstan, Mexico, South Korea, Thailand. WEDNESDAY: Lebanon, Syria. THURSDAY: Bahrain, India, Lebanon.

FRIDAY: Bahrain, Czech Republic, Denmark, France, Israel, Lebanon, SATURDAY: Armenia. Azerbaijan, Belarus, Georgia. Kazakhstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Ukraine. Sources: J.P. Morgan, Bloomberg.

WEATHER

Forecast for Tuesday through Thursday, as provided by AcculVeather. North America

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CIRAGAN PALACE HOTEL KEMPINSKI ISTANBUL ISTANBUL, TURKEY

North America
Unsettled and mild in the Parity sunny and season-Northeast Tuesday and able in London Tuesday to Wednesday with showers and thunderstorms, then chance of a stray shower, some aunshine Wednesday. Cool with showers in the Midwest and the Great and cool with showers and the Great Paris and Berlin will be dry thunderstorms. Thursday, Mild with plentry of sunshine in Seout Tuesday, and Wednesday, then the northwest, but cool with showers and mild with some sunshine with showers and thunderstorms. Thursday then the developed the deve 2077 1825 sh 2077 9442 pr 2077 9442 pr 2075 8465 e 2475 8465 e 2476 2470 pr 2476 1457 pr 31/86 2477 pr 31/86 2477 pr 31/86 2477 pr 34/87 1457 pr 24/87 1457 pr 29/64 31/68 18/64 29/73 19/86 24/75 1 The Teading Hotels of the World Your Host Today

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Middle East

Africa

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THE AMERICAS

Clinton, Too, Vows an IRS Overhaul

By John F. Harris

PALO ALTO, California — Calling himself "outraged" by the latest reports of abusive tax agents, President Bill Chinton is pledging new efforts to overhaul the Internal Revenue Service and tame what he says has "seemed to be an unaccountable, downright tone-deaf

Using uncommonly derisive language against an agency run by his own administration, Mr. Clinton showed in his weekly radio address Saturday that he was determined not to be outdone by Republicans in voicing scorn for out-ofbounds tax collectors.

While touting actions that the administration has taken on its own to improve IRS service, Mr. Clinton repeated his support for legislation that, among other provisions, would establish an oversight board composed largely of private citizens to set policy and goals for the IRS.

Mr. Clinton and Treasury Secretary Robert Rubin once opposed such a meayure, but they reversed course last fall as the proposal gained what seemed to be irreversible political momentum in both

On Saturday, Mr. Clinton asserted that the only obstacle to a major re-vamping of the IRS was to work out the differences between what he called "very similar" bills in the House and

"I call on Congress to make this year the year we set aside political differ-ences to enact real reforms of the IRS," said Mr. Clinton, who was in California dver the weekend visiting his daughter, changes as longer hours for IRS cus-Chelsea. "When it comes to quality tomer hot lines and "citizen advocacy

service at the IRS, Congress can't afford to file for an extension.

Beginning last year, congressional proponents of overhauling the IRS marshaled enormous public support for their ideas by presenting testimony from apparently law-abiding citizens who came to grief at the hands of abusive agents. Republicans on the Senate Finance Committee heard a new collec-

tion of horror stories last week, before voting, 20 to 0, for an IRS overhaul.

In the Republican response to Mr. Clinton's address, Senator Charles Grassley of Iowa invoked one of those stories. He cited the experience of John Colaprete, who slipped into depression after his restaurant and home in Virginia Beach, Virginia, were raided by armed agents even though he was never charged with wrongdoing. The incident showed the IRS is

simply out of control," Mr. Grassley

"There is no accountability," he added, "and when there is no accountability, IRS agents can continue to abuse taxpayer rights and get away with it." With major changes in the way the

IRS does business now nearly inevitable, the main battle is over the distribution of political credit. Mr. Grassley said that, after years of complaints about IRS behavior, "this Republican Congress finally broke through and per-formed outstanding oversight: of the IRS."

But Mr. Clinton noted that, a year ago, the "reinventing government" initiative led by Vice President Al Gore began a broad IRS review and the administration has already implemented such

panels" to hear taxpayer disputes. Even if some Democratic officials in Congress and the administration privately accuse Republicans of exaggerating IRS problems for political advantage, few have been willing to offer a public defense, lest they appear sympathetic to an agency that polls say is widely disdained.

Robert Tobias, president of the National Treasury Employees Union, said the IRS had already begun to change and called Mr. Clinton's criticism unfair.

Donald Kettl, a University of Wisconsin professor who studies public administration, said that because Republicans had had such success with the IRS issue, Mr. Clinton was using "me-too language" designed to help Democrats "put this behind them as soon as pos-sible."

The House passed an IRS overhaul measure last year that would create an 11-member oversight board, give the agency new flexibility in personnel mat-ters, accelerate electronic filing, strengthen the Office of Taxpayer Advocate and shift the burden of proof in

disputes to the agency.

The Senate bill is similar, but, at an estimated cost of \$20 billion, it is far more expensive, in large measure because it would ease penalties and interest now assessed against people who owe back taxes.

The Senate, too, creates an oversight board, but its version would not give a seat to the Treasury secretary or a representative of the IRS employees' un-

A White House official said the administration wanted the bill that eventually reaches Mr. Clinton to be closer to

AMERICAN

TOPICS

Full House: Prisons Expand To Contain Surge of Women

The newest state prison in Virginia has the usual chain-link fences and cinder-block walls, but it also features a beauty shop, a mammography clinic and a colorful playroom for children visiting their mothers.

The sprawling \$53 million Fluvanna Correctional Center is the state's fifth prison for women. It was built with a capacity of 1,200 — and with the hope that it can contain the rising number of female criminals, The Philadelphia Inquirer reports. That in-crease is not peculiar to Virginia, where the female inmate population has nearly doubled since 1990.

Nationwide, the number of women in state and federal prisons rose an astounding 478 percent from 1980 to 1997, nearly double the rate for men. North Carolina has just opened its sixth women's prison. Texas prisons house more than 2,400 women for violent crimes alone

Penologists say there is no single explanation. Some authorities say that tougher sentencing laws have en-snared women who played minor roles in drug organizations. There is also evidence that today's more liberated and assertive women see violence as

an acceptable way to solve problems. From 1987 to 1996, violent crimes by women increased at more than three times the rate for men; the victims



CLAN GATHERING — Former President Jimmy Carter waving to family members at a reunion in Americus, Georgia, to honor the 200th anniversary of the birth of Mr. Carter's great-great-grandfather.

husbands or former husbands. Nation- | latest year for which statistics were wide, women still account for only 6 | available. wide, women still account for only 6 percent of the inmate population.

Short Takes

حكذا من الاصل

Hundreds of protesters joined weekend marches outside the offices and factories of the biggest U.S. handgun makers to demand safeguards to reduce the number of gun deaths. Protesters in Springfield, Massachusetts, home of Smith & Wesson, laid out 5,285 pairs of shoes to represent the number of people age 19 and under almost invariably were boyfriends, who died from gunshots in 1995, the

Those taking part in the protest, called the Silent March, want weapons manufacturers to make guns childproof, to stop offering laser sights and hollow-point bullets, to display promment warning labels on guns, and to

reduce production and raise prices.
"The country is awash in handguns that are killing people," said Tina Johnstone, the Silent March founder, whose husband was killed in San Francisco in 1992.

Brian Knowlton

POLITICAL NOTES

Starr Is in Clear 'at This Point'

WASHINGTON - Attorney General Janet Reno said Sunday that she saw no grounds to remove the independent counsel Kenneth Starr, who is investigating various allegations against President Bill Clinton.

"At this point, I have seen no evidence that would justify that action," she said on Fox television. Mr. Clinton has asserted that he is the target of a campaign of character assassination and implied that the prosecutor is part of it.

Asked last week why he did not ask for Mr. Starr's dismissal, Mr. Clinton said it would be "inappropriate."

Ms. Reno vowed to pursue her responsibilities "with respect to the ultimate issue of whether an independent counsel should be removed or not.

A Clinton Loyalist's Jail Calls

WASHINGTON — He may have been in jail, but Webster Hubbell still saw himself as a Clinton loyalist. Talking with his wife in 1996 while in a federal prison for embezzling from his former clients and partners at the Rose Law Firm in Little Rock, Arkansas, Mr. Hubbell repeatedly expressed concern for one of those former partners: Hillary Clinton.

I will not raise those allegations that might open it up to Hillary," Mr. Hubbell told his wife, Suzanna, in one phone call.

That loyalty is one of the most striking themes to emerge from a series of recorded behind-bars conversations that Mr. Hubbell had in 1996 with his closest confidents - edited portions of which were made available by the Republican majority of the House Government Reform and Oversight Committee.

In many cases, the Republicans produced their own paraphrasing of the conversations. Representative Henry Waxman of California, the senior Democrat on the committee, complained that the panel's chairman, Dan Burton, Republican of Indiana, had not allowed the minority Democrats to review the transcripts before making them public. The Republicans, he added, are "trying to smear Webb Hubbell' by producing selective portions that could be open to differing interpretations. (WP)

Ouote/Unquote

Mr. Clinton, denouncing a California ballot initiative that would eliminate most of the state's system of bilingual education and place all children with limited English skills into a one-year immersion program: "The answer is not to say, we'll go to one year and you're out without knowing, No. 1, what's going to be in that year; No. 2, can you provide the teachers that need to be provided; No. 3, is it literally intellectually possible for every child of every age, no matter what age they are when they come to this country and what their language is to get that training."

(NYT) is, to get that training."

Away From Politics

• Nearly 80 percent of the chemical ingredients for prescription drugs sold in the United States are imported, but federal investigators say in a report that the govern-ment has failed to police the safety and purity of the products. The General Accounting Office said the foreign suppliers are inspected much less frequently than domestic companies. Most foreign factories have never been inspected by the Food and Drug Administration whereas American factories must be inspected every two (NYT)

 Weighing the impact of violence shown on local television news against the First Amendment, the Federal Communications Commission has come down on the side of free speech, rejecting a petition to withdraw the licenses of Denver's four largest local television stacommunity groups around the nation. Rocky Mountain Menation. dia Watch petitioned in February for denial of the license renewals on the grounds that "foxic" levels of television violence lead to "fear, disrespect, imitative behavior, desensitization and increased violent behavior." Television

industry officials hailed the

 The space shuttle Columbia returned to Earth on Sunday, ending two weeks of brain research that was marred by unexpected animal

• Global box office revenue from "Titanic" could run as high as \$1.75 billion, the head of Fox Filmed Entertainment, Bill Mechanic, said in Sydney. He said box office receipts from the film were already at \$1.6 billion. "It's almost double the number two film in history, so I think it's well past anyone's expec-tations," he said. The first "Star Wars" film had been the highest-grossing movie in history.

• Divers began a painstaking search in the waters off the North Carolina coast for a French merchant ship believed to be the last vessel after the attack and killed. The divers marked four sites where metallic objects appeared to be sunk in about 12 feet of water in the Ocracoke Inlet off North Carolina's Outer Banks.

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SIEM REAP, Cambodia - As refugees fled across the border, Cambodia said it had all but destroyed one of the world's most brutal revolutionary movements by seizing the Khmer Rouge's last bases on the Thai frontier.

"Everything was over yesterday," Prime Minister Hun Sen said Saturday. claiming his forces had seized the remaining Khmer Rouge territory along the northern border.

But fighting continued, and Thai military officers said a total defeat of the guerrillas would be difficult. The Khmer Rouge hold various enclaves elsewhere in Cambodia.
About 25,000 Cambodians, most of

them family and supporters of the Khmer Rouge guerrillas, have poured across forested border passes into Thailand's Sisaket Province since Friday.

While the Thai Army said there were no Khmer Rouge leaders or armed fighters among the influx, a number of the men in the camp said they would return to Cambodia to carry on their fight against the Phnom Penh government.

The refugees' rapid, disorderly flight was sparked by a Cambodian offensive in the northern mountains against the remnants of the Khmer Rouge guerrilla

group being led by Ta Mok.

The English-language Bangkok Post reported Sunday that about 30 refugees were killed and 20 wounded when an artillery shell believed to have been fired by Cambodian government forces landed in their midst Friday.

Streams of people carried chickens, water and other belongings on their backs as they trudged toward the Huay Samram reservoir, 5 kilometers inside Thai territory.

"I have brought my wife and children here, and then I'm going back to the battlefield," said a Khmer Rouge fighter who crossed the border.

About 1,500 people had converged by late Saturday on the site. Although the northern border area

was probably the only place where the Khmer Rouge could have offered serious resistance to government attack, analysts say they could carry out hitand-run attacks for years from their oth-(AP, Reuters)

expatriates, according to a survey.

The Hong Kong-based Political &

Economic Risk Consultancy surveyed

more than 400 expatriates in 10 coun-

tries and Hong Kong on such concerns

as housing, schooling, health care and

Singapore had a score of 3.62 on a



korgia Fears Ru AIDS Soars in Burma Heroin Users

By Christopher S. Wren New York Times Service

RANGOON - At sidewalk tea stalls where Burmese men socialize over cups of fragrant black tea, proprietors in some towns have added a lucrative sideline — heroin — and use the same syringe to inject as many as 40 cus-

The surreptitious practice, described by several Western diplomats and doctors, illustrates how Burma, the world's foremost exporter of opium, has developed its own domestic heroin habit, potentially disastrous con-

sequences. So many young Burmese are injecting heroin that some medical experts say Burma has the world's highest rate of HIV infection and AIDS contracted

from dirty needles.

By 1994, the Global Program on AIDS of the World Health Organization reported, 74 percent of drug addicts in Rangoon, 84 percent in Mandalay and 91 percent in Myitkyina, in the north, had HIV, the virus that causes AIDS.

This compares with about one-third of New York's 150,000 to 200,000 intravenous drug users who are HIV-pos-itive, according to Donald Des Jarlais, research director for the Chemical De-pendency Institute at Beth Israel Medcal Center in New York.

The Burmese government has reported registering only 60,000 addicts, with as few as 17,000 infected with AIDS. A Khmer Rouge guerrilla holding his baby in a refugee camp in Thailand. Foreign medical researchers put the

total number of addicts closer to 500,000, and estimate that several hundred thousand heroin injectors have become HIV-positive.

Another study, financed by the United Nations Drug Control Program, a terse abstract of which was released by the Burmese Health Ministry, found drug abuse prevalent in 1.7 percent to 25 percent of the population studied in three dozen Burmese townships.

With 88 percent to 99 percent of drug abusers identified as male, the study implied that up to half of the men in some townships could be addicted.

Both studies are cited in a new book. "War in the Blood: Sex, Politics and AIDS in Southeast Asia," by Dr. Chris Beyrer, an American epidemiologist who has worked in the region and interviewed health workers, addicts and

people with AIDS.

"It's going to be one of those situations where people will say, 'How could the world not have known, because hundreds of thousands of people have died there?' "he said in an in-

Burma offers a harrowing example of drug-producing or drug-transit coun-tries that find their own people becoming addicted to heroin or cocaine intended for foreign markets.

The military government's own AIDS statistics have been suspect since 1996, when it wooed foreign tourists with an advertising campaign that portrayed the country as a vacation para-

Dr. Beyrer, who is on the staff of the Johns Hopkins School of Hygiene and Public Health in Baltimore, said he knew of Burmese researchers who were punished for being too candid about the country's AIDS problem. Mr. Beyrer also said the military junta's credibility was so suspect that even if they told the truth, many Burmese might not believe

Although for years older hill people smoked opium to relax or as a treatment for illnesses like malaria, it is younger, lowland Burmese who are injecting opium's refined derivative, beroin

Dr. Ba Thaung, director of the Drug Dependence Research and Treatment Unit in Rangoon, said that heroin was widely available, inexpensive and dev

astatingly pure.
"Before, we had very few social problems, but now we have a lot of problems connected to drug use," he .id.

Dr. Gyaw Htet Doe, a psychial ist in the research unit of the Rangoon drug treatment center, estimated that 62 percent to 65 percent of younger heroin patients are HIV-positive.

"It will kill or harm a lot of young

people in our country."

Other medical specialists made available by the government confirm the

"The majority of intravenous drug users are HIV-positive," said Dr. Martin Joseph, a consulting psychiatrist at the general hospital in Lashio, a town in northeastern Burma. "We estimate about 80 percent.

South Korean Union Turns Against Kim

By Don Kirk
International Herald Tribune

SEOUL - Suddenly, President Kim Dae Jung, the onetime dissident champion of the rights of South Korea's downtrodden and dispossessed, has emerged as the enemy of South Korea's most powerful militant labor union.

most powerful militant labor union.

"Kim Dae Jung Is the Enemy of
Labor," said a headline in a newspaper
published by radical workers in Seoul.

"The Kim Dae Jung government is deceiving labor," said a pamphlet distributed by the militant Korean Confederation of Trade Unions.

Leaders of the union vowed Sunday to broaden their struggle even as Mr. Kim ordered a crackdown on the kind of violence that broke out Friday, when

Singapore Life Is Best, Expatriates Say

HONG KONG — Singapore has place with 3.66 points, as the city—what many expatriates perceived as a state's high financial rewards, excellent xenophobic attitude among the local

overtaken Malaysia as the East Asian infrastructure, safety, cleanliness and population. Respondents also cited

best in the region. But those surveyed

said Singapore's censorship, limited

access to foreign media, high cost of

living, lack of recreational activities and bureaucracy detracted from the overall quality of life.

South Korea took last place, at 6.37 points. The survey found that the

more than 20,000 union members and student sympathizers confronted lines of policemen armed with riot sticks and

tear gas.

"We are preparing for many more strikes," said Lee Kab Yong, president of the Korean Confederation of Trade Unions, which has 600,000 members trade in many of the country's largest industries, including the three leading motor vehicle manufacturers. "This is iust the beginning."

"Violent protest cannot be toler-ated," said Mr. Kim, ordering the national police to give him a full report by Monday on who was responsible for turning what had begun as a May Day rally into a rock-throwing melee in which more than a dozen people were injured and four arrested.

a limited range of Western amenities.

enth last year, based on improved rat-

ings for schooling and personal se-

curity. Japan rose to fourth, with 4.36

points, from sixth last year. Hong Kong

fell to fifth from fourth because of its

Taiwan rose to third place from sev-

vv traffic

The underlying concern of Mr. Kim and his aides is that the demonstration, the first violent protest against his policies since his inauguration as president on Feb. 25, may be just the precursor of a prolonged labor revolt.

Approximately 1.4 million workers,

more than 6.5 percent of the work force, are already unemployed, and the number has been rising daily as small and medium-sized companies go out of business and larger firms slowly lay off

The labor strife could both undermine an agreement reached in January in which labor leaders reluctantly accepted the need for layoffs and scare away hesitant foreign investors whose money is desperately needed to shore up the "Workers can demand their justi-

fiable rights, but they must not engage in any illegal actions or meddle with management," the president said. "Otherwise foreigners can say they cannot invest in Korea."

The fears of foreigners were quickly reflected in the numbers. The Korea Stock Exchange has fallen to its lowest level since the depths of the economic national Monetary Fund pieced together a rescue package of nearly \$60 billion. The market closed Saturday at 406.56,

down 14.69 points. Finnance Ministry officials warned Sunday that analysts from Standard & Poor's Corp., who are due here this week may decide not to elevate Korea's junk-bond rating if labor unrest per-

Beijing Police Arrest '89 Student Leader

BRIEFLY

BELIING - The police have arrested a former leader of the Tiananmen Square democracy movement who disappeared soon after arriving in Beijing for the 100th anniversary of Beijing University, a rights group said Sunday.

"It has been confurned by the gov-

ernment that one of the leaders of the 1989 student movement, Wang Youcai, was arrested by the Beijing Public Security Bureau when he disappeared on April 27," the Information Center of Human Rights and Democratic Movement in China reported.

The police have refused to specify where Mr. Wang is being held. He disappeared after traveling to the Chinese capital from his home in the eastern city of Hangzhou for the university's centennial celebrations.

The rights group said it believed that authorities had detained Mr. Wang to prevent him causing trouble during the celebrations scheduled for

China Is Threat, India Official Says

NEW DELHI - Defense Minister George Fernandes said Sunday that India faced a bigger threat from China than from Pakistan and added that New Delhi would make nuclear weapons if

the country ran out of options. China is potential threat number one," the defense minister said on the private Home TV network.

The potential threat from China is greater than that from Pakistan and any person who is concerned about India's security must agree with that fact," the network quoted Mr. Fernandes as saying. His statement came a few days after the first visit to India by the Chinese Army's chief of staff. General Fu Quanyou. (AFP)

For the Record

Two earthquakes struck eastern Japan within minutes Sunday, but there were no immediate reports of injuries or damage, the Japanese meteorological agency said. The quakes, which measured 4.3 and 5.4 on the Richter scale, were strongest in the coastal city of Ito, about 110 kilo-meters (70 miles) southwest of (Reuters)

Twelve people were killed and five injured Sunday by a rival tribe in the northeastern Indian state of Assam. The police confirmed the deaths of the Santhals tribesmen who had been traveling in a bus when they were attacked by Bodo tribesmen in. the Kokrajhar district. (Reuters)

A Hong Kong hydrofoil heading for the Portuguese enclave of Macau hit a submerged object, injuring 115 people Saturday among the 244 people aboard.

high cost of living. Thailand, the Philippines, Indonesia, China and Vietnam followed, in that order. (AP, Reuters) 10-point scale, with 10 denoting the worst. It edged out Malaysia, in second country's mounting economic prob-lems did not seem to have softened

Anti-Suharto Protesters Mark a Pause

recreational facilities.

MEDAN, Indonesia — Indonesian campuses fell silent Sunday after weeks of anti-Suharto protests reached a crescendo and the longtime ruler moved to assuage fears that he was steadfastly opposed to political reform.

But students in several cities said the halt did not mark the end of their demands for swift reforms and for President Suharto to resign over Indonesia's worst economic crisis in decades. They said that more protests were

being planned and that there was no sign students had been mollified by the message from Mr. Suharto, 76, that there could be an immediate debate on political reforms.

"Basically the student protests will not stop until the government carries out concrete reform," said Rama Pratama, head of the student council at the University of Indonesia in Jakarta.

"Protests: What Will Happen Next?"
the Jakarta Post asked Sunday. The

front-page headline summed up the situation. No one quite knows where this

county of 200 million people is headed. On Friday, cabinet ministers quoted Mr. Suharto as saying that there could be discussion of reform but that, constitutionally, no change could be carried out until 2003.

That, students said, fueled protests on Saturday. But as demonstrations were under way, ministers interpreted Mr. Suharto's remarks as allowing immediate debate and preparation for reform,

The Information Ministry said a new electoral system based on constituencies and abolishing parliamentary seats reserved for the military was expected to be in place for the next general election in 2002.

But on campuses in many major cities there were chants of "Reforms now, not 2003!" as students marked National Education Day on Saturday with the most widespread protests since the movement began in February.

were held on half-dozen campuses, security forces used tear gas and rubber bullets to block students from moving off the campuses. There were also clashes at demonstrations in several other major cities on Java.

In Medan, in northern Sumatra, witnesses said that students at Nommansen University had blocked a road near the camous with tires that they set on fire and had broken into a showroom displaying a car produced by company controlled by a son of Mr. Suharto's, rolled the car into the street and set it afire. University officials closed the campus for a week.

But most of the protests Saturday were peaceful, as the majority have been since they began just before Mr. Suharto was re-elected to a seventh five-year term by a body he largely handpicked. Mr. Suharto, who has ruled Indonesia since 1966, has shown no signs of yielding to the pressure to step down.

A PATCHWORK PLANET

By Anne Tyler. 288 pages.

\$24. Alfred A. Knopf.

UTENESS may be nice in a Beanie Baby, but it's not something you really want in a novel.

Anne Tyler's novels — with their eccentric heroes, their homespun details, their improbable, often heartwarming plots - have often flirted with cuteness, but they've been saved from sentimentality in the past by the author's innate storytelling gifts, her shrewd under-standing of familial dynamics and her

demptive qualities is on display in her latest novel, "A Patchwork Planet" - a novel that feels strangely perfunctory and contrived. Barnaby Gaitlin, the hero. is another one of Tyler's oddballs -another lost male, like Macon Leary in an early midlife funk.

loser: He live in a squalid rented room n another :amily's house and works part time moving furniture and doing house- beliefs is that each Gaitlin has his or her add up to a patchwork novel that feels

him and wants him to stop visiting their gray cloth ledgers with leather corners. daughter, Opal. His wealthy parents have never forgiven him for the petty crimes he committed as a teenager, and his snooty brother, leff, looks down on him as a lazy ne er-do-well who will never grow up.

BOOKS

Of course, Barnaby is supposed to be a lovable ne'er-do-well. When he broke into houses with friends, he riffled through people's photo albums while dating. Barnaby feels his life is beginning his pals were looking for car keys, cigarettes and booze. And when he actually stole something, he took only mementos like a little snow globe or a brass egg. He is fond of using fuddy-duddy expressions like "scads of money" and saying "Ah, me."

Like so many Tyler characters, Barn-

aby sees himself as something of a rebel, though he actually has quite a bit in common with his family and its tra-ditions. His family runs a foundation that gives money to the poor, and Barnaby, in his way, is a do-gooder too: As a "Rent-"The Accidental Tourist" or Ian Bedloe in "Saint Maybe," who has slipped into perform and serves as their friend, confidant and booster. People are constantly telling him that he has a kind heart.

One of the Gaitlin family's favorite hold chores with a service called "Rent-a-Back." His wife, Natalie, has divorced their angel encounters in matching hokey. Mew York Times Service

Barnaby has been wondering if his personal angel will ever show up, when he meets - well, accosts - a matronly woman named Sophia on the train to Philadelphia. He decides that this stolid bank employee must be his angel.

Before long, Sophia has retained Barnaby's services for her aunt, and within weeks, Sophia and Barnaby are to change: He makes a concerted effort to be a better father to Opal, he pays off the debt he owes his parents and he determines to put his affairs in order. And for a while, things are decidedly better that is, until Sophia's aunt accuses him of stealing her secret stash of cash. Unfortunately for the reader, it's hard

to care a lot about what happens to Barnaby or Sophia. In the past, Tyler's gift for sympathy and emotional insight has pulled her characters back from the brink of caricature, but this time her people feel oddly flimsy and paper-dollish.

As for the little details Tyler sprinkles over her story - the patchwork picture of planet Earth on an elderly woman's quilt, the angel drawing on the Gaitlin Foundation's letterhead — they, too, have a paint-by-numbers touch. They

New York Times Service

INDONESIA: Will Release of IMF Funds Help or Hurt Reform?

Continued from Page 1

that reform could be achieved more rapidly "if the Indonesian regulators were not as committed to protecting all financial institutions, regardless of their economic viability, as appears currently to be the case."

Critics in the U.S. Congress argue that the interlocking relationship between government and business in Indonesia is so pervasive that IMF loans will only prolong it.

Reflecting that view, Dong Bandow, a senior fellow at the Cato Institute in Washington, said Indonesia's economy was "bedeviled by inefficient mono-polies, insolvent banks, harmful trade barriers, wasteful food subsidies and political favoritism."

The IMF bailout package "has only reduced the Suharto government's incentive to reform by relieving the pain of financial failure," he said. "Thus the government is likely to do only the minimum necessary to receive aid, which means Jakarta will almost certainly retain its system of pervasive crony capitalism."

But a senior Western diplomat in Jakarta said many Indonesians who

wanted to see real reform regarded the he expected it would, the Fund would IMF program as an essential part of the check progress in Indonesia each pressure needed to bring it about.

"The best way to effect change is to support and work with those inside the country who want reform," he said. "If the program is successful, Subarto could claim the credit. But the reforms will still result in the desired change." Robert Broadfoot, managing director

of Political & Economic Risk Consultancy Ltd. in Hong Kong, said that because of the regional economic crisis and demands of the IMF, "the situation with respect to monopolies and cartels is likely to improve far more rapidly in Indonesia over the next 12 months than it has in the last 30 years."

But he added that the beneficiaries of the old arrangements would not allow this to happen without a fight and that if Mr. Suharto remained in power, many monopolies abolished in line with IMF agreements were likely to resurface in new forms.

Stanley Fischer, the IMF's first deputy managing director, commended the Indonesian government for making progress on economic reforms. But he added that if the board approved the loan payment to Jakarta on Monday, as check progress in Indonesia each month, instead of each quarter, before making any further payments. The IMF usually monitors the reform

programs of its debtors on a quarterly or

semiannual basis. Monthly monitoring

has only been used for Russia and some other countries where IMF officials felt there was a higher-than-average risk of slippage in reform efforts. Sri Mulyani Indrawati, deputy chairman of the University of Indonesia's Center for Economic and Social Studies, said the latest 117-point reform program agreed to by the Indonesian government

was "so detailed, explicit and demand-

ing" that it would be "almost im-

possible for Indonesia to backtrack." Other analysts said that any major failure to meet the timetable would cause another suspension of the IMF loan package. This would deal a devastating blow to business and investment confidence in Indonesia, they said, sending the rupiah into another downward spiral that would ruin companies and banks — including many owned or controlled by the elite prolong the recession and intensify the already increasing political opposition to Mr. Suharto's 32-year rule.

Reviewed by Michiko Kakutani

rich emotional wisdom. For some reason, none of these re-

At 29, Barnaby considers himself a

BRIDGE

By Alan Truscott

THE Generali Masters L tournament in Ajaccio, Corsica, is unlike any other. Fifty-two experts, about onethird of whom owned world titles, played an individual, placing a premium on adaptability and relegating elaborate systems and conventions to the sidelines.

The winner, thanks to a veteran French star Paul Chemla, a winner of many

tain, 54.41 percent; fourth, Gabriel Chagas of Brazil, itive reply and was down six. 54.21 percent.

standings were: first, Zur- from-obvious overtrick. He Albu, 57.12 percent; second, won the opening club lead Landy of Britain, 55.33 percent.

strong final session, was the end. One early round of play gave him considerable aid in his unsuccessful bid for the world titles including the Ber- title. On the first board his and simultaneously trumpmuda Bowl, won in Tunisia in opponents had a slight mis-squeezed West. He had to dis-October. The standings were: understanding and played sev-card in one of the red suits, bidding: first, Chemia, 55.23 percent; en hearts with a one-four fit. and whichever he gave up second, Apolinare Kowalski of Poland, 55.11 percent; third, Andy Robson of Bri-

play such a contract, got a pos-On the next board, shown

The winner of the women's in the diagram, Chagas was in title, in a field of 28 stars, was an obvious four-spade con-Migri Zur-Albu of Israel. The tract and squeezed out a far-Veronique Bessis of France, with the king and led a low with the king and led a low diamond. East won and drove out the club ace. A spade to ♥Q943 the king collected the jack, 00765 Chagas led his event after and another spade went to the # J 10 9 6 three sessions but faded at the queen and ace. A club return was ruffed.

The lead of the spade 10 removed the missing trump. points out of 24, and 44 out of 48 for the round.

♦ Q 632 **VK785 094 ♣**A83 EAST **◆** ∧ 98 Ç J 108 **♣**Q752 SOUTH (D) ◆ K 10754

♦ A 8 3 2 4 K 4 Neither side was vulnerable. The North West 3 4 Pass 3 4
Pass Pass

VA2

West led the club jack.

Pass Pass

THE ME STONE A SEAT NO MEN · 生物 经支收额额 Carle Sange THE PROPERTY OF THE PARTY. - Some per Laboration to the agreement

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Georgia Fears Russian Plot

Moscow Subverts Democracy, Shevardnadze Says

By Stephen Kinzer
New York Times Service

TBILISI, Georgia - As President Eduard Shevardnadze was flying home April 26 from a visit to Turkey, his pilot gave him alarming news. The two Georgian Air Force jets that normally escort the president's plane to guard him against airborne attack

were nowhere to be seen. Mr. Shevardnadze's plane landed safely in Tbilisi, the Georgian capital, and after an the majority are reactionary, urgent inquiry it turned out and that creates a problem. that the jets were parked at a nearby Russian base and could not fly because sand had been poured into their engines. Mr. Shevardnadze was outraged and dismissed the democracy here."

Mr. Shevardnadze also asserted that separatists who democracy here." who is known for his pro-Russian stance.

It was the latest in a series of incidents that have led many Georgians to conclude Russian help. that powerful forces in Russia are plotting against their infant democracy and Mr. Shevardnadze in particular. Almost without exception, politicians and intellectuals here have come to believe that for economic and strategic casons, Russia is determined not to allow this country, which declared independence

from the Soviet Union in 1991, to slip out of its orbit. But resistance to Moscow is stiffening in both Georgia and neighboring Azerbaijan, where President Heydar Aliyev recently declared that he cratic of the countries that and his compatriots "are not serfs" and do not intend to wait for Russian permission" before making impor-

tant political decisions. stark strategic choice. It can problem. either accept a reduced role in the Caucasus or fight to maintain its power here, which entails risking a complete loss of

influence. In Georgia, Mr. Shevardpadze has begun to accuse
Russia in startlingly direct
terms of fomenting unrest.

Serves and used a strong process.

For their part, Georgians
have traditionally blamed
terms of fomenting unrest. terms of fomenting unrest. After an attempt on his life Feb. 9, the second since he took office, he theorized only that it had been planned by 'an evil spirit' possibly connected to international terror- dence to suggest that eleism. But in an interview in ments within Russia seeking April, he spoke far more to recover Georgia, if not the bluntly, reflecting his govern- government itself, are determent's growing impatience mined to curb what they see

"The organizer of the pre- self with Moscow's enemies.

vious attempt against me is now hiding in Russia," Mr. Shevardnadze said, referring to his former intelligence chief, General Igor Gior-gadze, who fled in 1995 after a car bomb attack failed to kill the president. "We could also see his handwriting in this latest attempt."

"It doesn't mean that all of Russia thinks this way," the president added. "There are people there who are very progressive, but unfortunately

serted that separatists who have controlled the Black Sea province of Abkhazia since 1993 could not have defeated the Georgian Army without

Although Abkhazia and two other breakaway regions are outside government control, Georgia is at peace and making progress toward democracy: Armed criminal gangs that roamed freely until a few years ago have been crushed, a sophisticated Parliament has been elected, and hundreds of citizens' groups have sprung up to support causes as varied as press freedom, the environment and rights for the handicapped.

By many standards, Georgia is among the most demoemerged from the Soviet Union. But there are still about 15,000 Russian soldiers here, and how to get rid of them and the influence they represent This presents Russia with a has become the great national

Russian leaders have long viewed Georgia and other Caucasus republics as wild places that cannot rule themselves and need a strong pa-

sometimes to the extent of

Today, however, even many foreign experts say there is considerable evi-

Le Pen Party Loses By-Election

BRIEFLY

TOULON, France (Reuters) — The far-right National Front party of Jean-Marie Le Pen failed Sunday to win back its only seat in Parliament in a very close by-election runoff in the Mediterranean port of Toulon, city officials said.

A Socialist, Odette Casanova, won by 33 votes over Cendrine Le Chevallier, the wife of the Toulon mayor, Jean-Maire Le Chevallier. Mrs. Casanova polled 50.07 percent of the votes to Mrs. Le Chevallier's 49.93 percent. Last Sunday, in the first round, Mrs. Le Chevallier edged Mrs. Casanova, who ran on a united left ticket.

The by-election was called after Mr. Le Chevallier was stripped of the National Assembly seat he won for the National Front in June and was banned from running again for a year for exceeding the campaign spending

Danes' Strike in 'Difficult Phase'

COPENHAGEN - After talking far into the night on ending a weeklong national strike, unions and employers took a break Sunday as the negotiations were reported by Danish radio to have reached a "difficult phase."

The sides had set Sunday as the deadline for an agreement, but regardless of whether they succeeded, Danes very likely faced several more days of a hobbling strike. · Hans Jensen, head of the Confederation of Trade .Unions, said the strike probably would continue until all union members could vote on any agreement, a process

that could take five days.

Both sides had softened their positions in recent days on the key issue: the demand for a sixth week of paid von the key issue: the demand for a sixth week of paid vacation. Mr. Jensen told a huge May Day rally that nnions could not hope for a full extra week; Joern Neergaard Larsen of the employers' confederation said Saturday employers were prepared to give ground. (AP)

Havel Expected to Leave Clinic

INNSBRUCK, Austria - The Czech president, Vaclav Havel, whose state of health continues to improve, was expected to go home to Prague on Wednesday.

Austria Presse-Agentur reported Sunday. The 61-year-old president, who underwent emergency surgery April 14 to repair a perforated intestine, was able to shower unassisted. Dr. Ernst Bodner was quoted as saying. Mr. Havel left the intensive care unit at the

Austrian clinic on Saturday.

Doctors said they would wait until Monday to remove the tube that had been inserted to help Mr. Havel breathe. Dr. Bodner said that Mr. Havel's organs were functioning properly and that his surgical wounds were healing. (AFP)

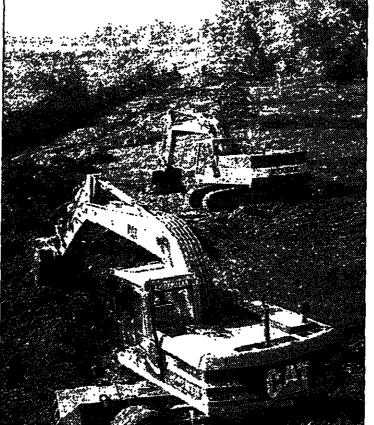
Yilmaz Appeals for Backing

ANKARA - Prime Minister Mesut Yilmaz issued a personal call Sunday to a parliamentary power broker not to withdraw his support from the government, the Anaro-

lian News Agency said.
It said Mr. Yilmaz made the call at a union function that he and the Republican People's Party leader, Deniz Baykal, attended.

"I call on everyone who supports this government and on Mr. Baykal: Give this government a chance," Mr. Yilmaz said, turning toward the man whose backing props up his minority coalition.

EUROPE



Mechanical diggers removing toxic mud Sunday west of Seville.

Clean-Up of Toxic Spill Gets Under Way in Spain

Truckloads of Acidic Mud Being Hauled Off

SEVILLE, Spain — Workers began a massive clean-up Sunday in the aftermath of a toxic waste spill that has created one of Spain's worst ecological

Crews began hauling away the first trackloads of 7 million tons of acidic mod left on the banks of the Guadiamar River after a mine reservoir ruptured April 25, sending a torrent of toxic material flowing downstream. Environment Minister Isabel Tocino.

who has called the spill "an ecological catastrophe of historic proportions, sounded a note of optimism as the recovery effort got under way near the
riverside town of Sanlucar La Mayor.
"This is a hopeful morning for the
Spanish people," she said.
The owner of the mine, the Canadian-

Swedish conglomerate Boliden Ltd., has agreed to pay for the clean-up and to guarantee farmers reimbursement for millions of dollars' worth of crops poisoned by the toxic flow.

The company has provided 500 workers from its Los Frailes mine, idle since the spill, to help remove the mud and deposit it in an abandoned section of the open-pit mine site at Aznalcollar, west of Seville.

Some environmentalists have called the recovery plan ill-conceived and question whether Boliden can manage such a complex operation.

Experts say the longer the sludge remains in the rivers and marshes, the heavier the toll will be on wildlife in the area. Volunteers in protective clothing have already cleared away up to 20 tons of dead fish from contaminated waters near Donana National Park, Europe's biggest nature reserve.

Birds have begun turning up dead along the riverbanks, and the rotting carcasses of a sheep and a deer, possibly poisoned from drinking the water, have been found in marshlands on the outskirts of Donana.

About 46,000 people have been affected, many of them small farmers who saw their crops destroyed and land contaminated.

Recovery efforts will concentrate on 40-kilometer (25-mile) stretch of the Guadiamar, the path of destruction cut by the tide of toxic waste before it was diverted away from Donana by a series of makeshift dikes.

GET YOUR MIND WORKING WITH PARIBAS

Russia has been the major ac-

tor here," said a senior West-

ern diplomat in Tbilisi. "But

we're seeing perceptibly growing anger at what the

Georgians view as continual

"They are drawing closer

to the West," the diplomat

added, "most recently in their

decision to hold military ex-

ercises with Turkey and allow

Turkish naval vessels to call

the country's most prominent

foreign policy experts, Alexander Rondeli of Tbilisi State

University, said Georgia's

main problem is "the nonstop

development of Russia's neo-

imperialist policy here."

T wouldn't say the Caucasus region would be com-

pletely calm if Russia stayed out, "he added, "but if you look back over the 1980s and

'90s, you can see that almost

everything bad that has

happened in the Caucasus is

the result of Russian involve-

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You have no map.

Remember.

You lost your compass.

fig. 3

What good's a cellular

phone if you don't know

where you are?

Reflecting that view, one of

Russian meddling.

at Georgian ports."

You arrive at a crossroads only to discover that the signpost has been blown down in a storm. You have no map. Which direction do you take?



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INTERNATIONAL

Political Stalemate Sends Nigeria Stumbling Toward a Violent Upheaval

By James Rupert
Washington Post Service

continent's most populous nation can avoid slipping into violent upheaval, the last two weekends have brought bad news.

an election crafted to help him prolong his tenure. And this past weekend, Nigerians largely ignored a call by pro-democracy groups to begin peaceful mass protests to force General Abacha to surrender power.

Little peaceful protest was seen. Instead, riots erupted Friday in Ibadan, Nigeria's secondlargest cny, reportedly leaving seven dead. The Univ broad failure of the protest call underscored the now. fact that, like General Abacha, opposition leaders carry little real political authority among Ni-

credible alternative leadership has coalesced and

the energy-starved economy is decaying toward the pre-industrial level. With all that, Nigerian and foreign analysts say, this nation is sliding LAGOS — For Africans hoping that their toward a violent upheaval that could destabilize and further impoverish much of the region.

Abacha's aides engineered his nomination as the On April 25, Nigerians underscored the unsolularity of General Sani Abacha bayactus. popularity of General Sani Abacha, boycotting government scheduled to take power from the military in October. By quashing Nigerians' hopes for peaceful political competition, General Abacha's camp raised the risk of violence, analysts said.

For a peaceful political resolution, "what Nigeria needs is a lot of prayer." said Stephen Olugberni, a political science professor at the University of Lagos. "That's the point we are at

Analysts disagree about how far Nigeria may be from the brink. The government has scheduled crians.

a referendum for Aug. 1 to ratify General
General Abacha maintains his rule by force, no
Abacha's selection as the country's continuing

A diplomat, however, said, "I'm not sure we'll make it even as far as August" without an

Another ambassador said he was "very wornd further impoverish much of the region.

ried" about stability in Nigeria but added that the tion among the Yoruba, the main ethnic group of Tensions rose last month when General nation could well muddle through its crisis for southwest Nigeria. Yoruba youths marched

More than four years after General Abacha seized power in a coup, Nigerians are frustrated by economic decay. Corruption, always a problem, is worse than ever, most Nigerians interviewed say. While wealthy in oil and farmland, the country can neither fuel nor feed

Many factories and businesses have closed. A Western economic analyst guessed that unemployment might be 25 percent to 30 percent. In Lagos, the unemployed try any conceivable enterprise to survive: running restaurants, repair shops, plant nurseries and barber shops from the curbside. Many say the struggle for economic survival is one reason people are slow to move to protest a government they oppose.

The riot Friday in Ibadan was the latest erupthrough the city, then went on a rampage after confrontations with the police. They burned vehicles and businesses belonging to Abacha supporters, including a newspaper. The police fired on protesters, killing seven, according to ligerian newspapers.

Nigeria is dominated by Hausa-speaking ortherners, including ethnic Hausa and Fulani. Yoruba consider themselves disenfranchised, esecially since 1993 when General Abacha and fellow military officers scuttled a presidential election that, by all evidence, had been won by a Yoruba businessman, Chief Moshood Abiola. In 1994, Chief Abiola was jailed on treason charges. for which there has never been a trial. On Friday.

the protesters in Ibadan demanded his release. Throughout the country, fighting between

But Nigeria simmers with conflicts, mostly over power and money, that periodically ignite thority is common — and General Abacha's thority is common — and General Abacha's camp says he is the only leader strong enough to control such outbreaks.

A diplomat said he was worried that a flare-up of any such conflict could prompt a military com by younger officers — majors and captains who have not shared the spoils of power that have enriched senior officers.

While Nigeria has a vigorous civil society and intellectual class, it has no leader with broad moral authority. The emergence of such a leader is complicated by "the extremely diverse nature. of Nigerian society," said Ayo Obe, a Lagos attorney and president of the Civil Liberties Organization. "We have 40 or 50 major ethnic

Miss Obe said that "there is no Nigerian equivalent" to Corazon Aquino of the Philippines or Jean-Bertrand Aristide of Haiti aders who gathered broad coalitions to overture dictatorships. Still, "Abiola ought to have been that figure," she said.

NATO Faces New Challenge: **Mending Fence** With Russia

By William Drozdiak

BERLIN - In the wake of the U.S. Senate's approval of expanding NATO to include Poland, Hungary and the Czech Republic, American and European officials say the military alliance must focus on breathing new life into a flagging security partnership with Russia.
While U.S. and European policy-

makers are divided over whether Russia is poised to exact retribution for pushing the North Atlantic Treaty Or-

ganization's territorial domain toward its doorstep, ANALYSIS they acknowledge that Moscow is parting with Western policy in several key areas.

At a meeting in Rome last week to discuss the restive Yugoslav region of Kosovo, Russia dissociated itself from tougher sanctions against Belgrade that were approved by the United States and four European powers.

While Russia has always been so-licitous toward its Slavic brethren in Yugoslavia, it broke openly this time with other members of the six-nation Contact Group and defended a Serbian police crackdown on ethnic Albanians in Kosovo as justified in combating Al-

banian separatists. On Iraq, Russia has objected to the West's hard-line approach in sustaining sanctions and intrusive inspections of Baghdad's presidential palaces and are eager to court Iraq because they are this summer of S-300 ground-to-air mistentially rich oil contracts, but Mos- Greek Cypriot government. cow's sympathies seem to involve regional political motives as well.



207 AND COUNTING — A military parade in Warsaw on Sunday marking the Polish constitution's 207th year.

the START-2 treaty limiting strategic more than 20 years between a Turkish nuclear weapons, and some deputies say NATO's expansion could kill the treaty.

While costs and internal politics may be the true causes of the delay, NATO experts say they are troubled by recent members Greece and Turkey. statements from senior Russian defense officials saying nuclear weapons must

Another sign of Russian pique is Mosweapons facilities. Russia and France cow's threat to proceed with the delivery ganization's accession treaty last year. seeking huge debt repayments and po- siles in a \$600 million deal with the Hungary said his Russian counterpart,

Cypriot north and Greek Cypriot south.
U.S. and European officials surmise that Russia may be intentionally raising ten-sions in the region between NATO negative implication of our accession on

One positive development, however, has been Russia's willingness to maincause troops and conventional weapons allied to NATO soon will be closer to Russia's border.

Cause troops and conventional weapons allied to NATO soon will be closer to Russia's border.

Cause troops and conventional weapons allies who are joining the Western 16 members and Russia. The deal was a way to give Russia a voice but not a velo in alliance consultations.

Cause troops and conventional weapons allies who are joining the Western 16 members and Russia. The deal was allied as a way to give Russia a voice but not a velo in alliance consultations.

Cause troops and conventional weapons allies who are joining the Western 16 members and Russia. The deal was allied as a way to give Russia a voice but not a velo in alliance consultations. say their relationships with Moscow have but not a veto in alliance consultations vened focus groups of prospective not suffered since they signed the or- and alleviate Moscow's suspicions voters around the country to come up

Foreign Minister Laszlo Kovacs of Yevgeni Primakov, visited Budapest last Turkey says the missiles could strike month to tell him Moscow was resigned its territory and has warned that their to NATO expansion and would not seek The State Duma, Russia's lower house arrival could trigger war again on to change the "Euro-Atlantic orientaof Parliament, has held up ratification of Cyprus, which has been divided for tion" of Hungary's foreign policy.

'He said the Russian government will do its best to prevent any kind of deterioration," Mr. Kovacs said, "so I negative implication of our accession on

about NATO's strategic intentions. The NATO-Russia council set an ambitious largest party, Fianna Fail, is not flashy agenda to discuss cooperation in peace- but tested extremely well, especially keeping and fighting nuclear prolifer-ation, terrorism and drug trafficking. But groups: "Vote Yes for Peace." the council has made little headway because of procedural confusion and Moscow's persistent distrust of NATO.

Irish Fear Low Turnout In Vote on Ulster Deal

By Richard L. Berke New York Times Service

DUBLIN - At first glance, the agreement aimed at ending three decades of street warfare and other violence in Northern Ireland seems like a political winner here in the Republic of Ireland. In contrast to the North, where it is the subject of relentless and often vitriolic debate, in Ireland the accord has the support of every major political party.
Who, after all, could object to

peace? But while the agreement represents a momentous step in resolving one of this century's most persistent conflicts, government and other political figures in Ireland say they face a surprisingly daunting challenge in persuading the more than 2 million eligible voters to turn out on May 22, when it will be put to referendums here and in Ulster.

Politicians here who favor the treaty are commissioning daily polls to measure public sentiment. They are sending elected leaders to campaign around the country and arming them with "talking

They are enlisting celebrities in sports and entertainment to generate interest. For those still hesitant, there are plans to provide free transportation from voters' homes to the polls.

the Russian-Hungarian relationship. The agreement's backers are so wor-Javier Solana, secretary-general of ried about finding the most potent NATO, agreed with Mr. Primakov last strategy for packaging peace — and The agreement's backers are so worwith slogans. The choice of the nation's

> Fears about the turnout seem well founded. This past week, the chatter in the misty green parks, on the swarming streets along the River Liffey and in the pubs was not about Northern Ireland but about an Irish Olympic swimmer who may have failed a drug test.

Dozens of residents said in interviews that while they wanted peace, they felt far removed from Northern Ireland, whose border is only about 50 miles (80

kilometers) to the north. Seeking to counter the indifference, Prime Minister Bertie Ahern on Friday opened the intensive three-week campaign of his party, Fianna Fail, with this plea: "It is very important that there should be a high 'yes' vote, not just amongst those who vote but amongst the

electorate as a whole."

He added, "Let us show that we really care, that we do not want to see anyone else killed, any more families be-

reaved. The costly, all-out political offensives, which several parties are waging independently, are not driven by fear that the agreement will not muster the simple majority needed for passage. No pollster here thinks it will be defeated.

Rather, the concern, particularly among government officials, is that a low turnout coupled with a less-thandecisive "yes" vote among those who do take part will make it much more difficult to carry out an agreement that must already overcome decades of entrenched harreds.

Another concern is that a less-than-

IMPORTY DEGREE

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overwhelming vote will embolden the small, largely fringe parties in Ireland that oppose the treaty.

"It's important for the parties to motivate people so they understand that this is their chance to put their mark on a big, big moment in Irish history," said P. J. Mara, a veteran political operative who

is running the Fianna Fail campaign.

Deputy Foreign Minister Liz O'Donnell explained: "We want an overwhelming vote. We want it to be a huge." endorsement. We want it to be a very special day."
Political self-interest is at play as well:

Mr. Ahem's advisers said he was eager to cement his already impressive and proval ratings by being regarded as a leader who helped deliver peace and whose country united behind him.
It is no accident that his party is erect.

ing billboards around the country that teature him signing the accord - and asking voters to approve it. "The photograph that's going in the history books in 50 years is of him signing the agreement." Mr. Mara said.

But backers concede that their challenge is complicated because it is far easier to package a political candidate than an amorphous notion - even one as enticing as peace.

There is no bad guy to vote against Some people feel threatened that the O are being asked to abandon Ireland's constitutional provisions that lay claim

Because most people in Ireland expect the referendum to pass, there is a ! disincentive to vote at all, political ana

BRIEFLY

Iraq Calls for Firing Of UN Arms Chief

BAGHDAD — Iraq's official newspapers called Sunday for the United Nations to dismiss its weapons inspection chief, Richard Butler, and called him a menace to international peace.

"Butler does not fit his mission." said Ath Thawra, the organ of the ruling Ba'ath Party. "He is playing with fire and endangering international security and peace.

"Butler has not concealed his involvement in U.S. plans to prolong the embargo against Iraq." it added, referring to the UN economic sanctions in force since the 1990 Iraqı invasion of Kuwait. (AFP)

Chad Plays Down Clash With Nigeria

N DJAMENA, Chad — Foreign Minister Mahamat Saleh Anadis has played down clashes between Chadian and Nigerian troops in which at least 60 people were killed in tighting over control of an island in Lake Chad.

Speaking during the weekend, visit to Chad of the Nigerian leader, General Sani Abacha, Mr. Anadis sand there were no problems between the two neighbors and called the April 19 incident "closed."

But the situation on Tetewa Island was said to remain tense after the arrival last month on the island of Nigerian settlers.

Witnesses said 60 Nigerian troops accompanied the settlers and raised the Nigerian flag. When a Chadian officer tried to take the flag down, he was and killed by the Nigerians, the witnesses said. Chadian troops lought back, and at least 60 people died, the witnesses said.

Afghan Talks Fail

ISLAMABAD. Pakistan Peace talks between warring Alghan sides collapsed Sunday as the opposition accused the Taleban movement of refusing to discuss litting a blockade of an opposition-

held region in central Afghanistan. A senior UN official presiding at meetings of a steering committee of the Talehan Islamic movement and the opposition alliance said the talks in Islamabad had been suspen-

UN Officials Fear Lasting Rift With U.S.

By John M. Goshko

UNITED NATIONS, New York UN officials fear that President Bill Clinton's refusal to seek a compromise with Republican legislators over a bill to pay nearly \$1 billion in back dues will cause an irreparable rift in U.S. relations with the world body.

Mr. Clinton has said he would veto the

legislation because it also contains an anti-abortion provision.

"It is not our business to recommend that the president avoid a veto by com-promising, a senior UN official said. "But if the White House and Congress don't find a way to get together, the UN's funding crisis likely will never be resolved, and the finger-pointing about who's to blame will make the UN a big football in American politics." UN officials have been angry for

months at Republican congressional leaders for holding the UN payments hostage to the anti-abortion provision. Now there is a growing feeling here that Mr. Clinton also is willing to sacrifice congressional leaders and UN officials action to pay the debt. factors he considers more important to his political and policy calculations. Officials complain that despite Mr.

Clinton's frequent declarations of support for the organization, he has not invested any personal political capital in winning votes for UN funding. Instead he has left most of the lobbying on Capitol Hill to mid-level administration officials, who are widely regarded as having been ineffectual in countering the hostility of many Republican lawmakers to the United Nations.

UN sources say that the Republicans lication of his searing prison memoir, have tried to compromise by agreeing to narrower anti-abortion language than they had previously demanded, but that Mr. Clinton, whether from conviction or concern about offending abortion rights

voters, continues to threaten a veto. UN officials are unwilling to voice their criticism publicly or even be identified in ways that could reveal their positions in the hierarchy. All of those interviewed for this article balked at saying whether their sentiments were shared by Secretary-General Kofi Annan, who is visiting Africa. On Friday, Mr. Annan took note of the impasse with a statement saying he was pleased by "the level of support" in Congress but regretted that "U.S. fulfillment of its financial obligations remains uncertain due to an extraneous matter."

matters and win. But it will take some

time, some pain and a major effort."
Under the formula for dues assessments, the United States is supposed to UN budget, which is pegged at \$2.5 billion for 1998-99. The United States has amassed a delinquency that the United Nations calculates at \$1.37 billion of the \$2.3 billion owed by de-linquent members. The United States says the debt is less than \$1 billion.

Last year — after months of negotiations involving the administration, if he did, they would take no further

Nevertheless, disillusionment with — there was tentative agreement for the Mr. Clinton is shared at all levels of the "United States to pay \$926 million over UN bureaucracy and extends to the dip- three years if the United Nations made lonatic missions of many of the countries represented in New York.

"Republicans. But the deal fell apart after "Right now, we're down, but I'm House Republicans insisted on includ-confident we can be back up soon and ing language that would bar international prevail in the end." said the U.S. "tonal family planning groups receiving representative to the UN, Bill Richards."

"The president expenses to the dip." son. "The president cannot compromise seas. The Republicans initially demanon his basic principles, as painful as this . ded that such groups be prohibited from may be for other important issues. I am using their own funds to perform aborconfident we can separate these two nons but backed off that demand to try to

reach a compromise with Mr. Clinton. With the backing of the speaker of the House, Newt Gingrich of Georgia, and the leader of the Senate's Republican be the largest single contributor to the majority, Trent Lott of Mississippi, that anti-abortion provision was included in legislation approved by both chambers over Democratic opposition last week. While the bill would provide the \$926 million for the UN, Mr. Clinton warned that he would veto it, and administration officials said he intended to carry out that threat. Republican leaders said that

U.S. Senator Asks For Tehran Talks

Reuters
KUWAIT — A senior U.S. senator called Sunday for permission from Washington to start a dialogue with Iran.

"I think it is high time now, in view of the attitude being expressed here in the Gulf, that we do that," said Ted Stevens, chairman of the Senate Appropriations Committee. "I am going to renew our request for permission for our committee to meet with the Parliament of Iran.

Mr. Stevens, a Republican from Alaska, made the remark before leaving for Saudi Arabia with six other U.S. senators. He was apparently referring to a

warming in relations between Iran and its Arab neighbors in the Gulf since Mohammed Khatami became president of Iran in August. The official Kuwaiti press agency.

KUNA, quoted Mr. Stevens as saying that he had tried in 1997 to establish contacts with Iran but didnot receive U.S. permission for a

'Soul on Ice' Launched Cleaver on Turbulent Career

By John Kifner New York Times Service

NEW YORK - Eldridge Cleaver, who died Friday in Potnona, California, at 62, became a symbol of black rebellion in the turbulent 1960s after pub-

Black Panthers were as a uniform, Mr. Mr. Cleaver's memoir from Folsom pris-Cleaver was a tall, bearded, articulate on, where he was serving a sentence for figure who mesmerized his radical audiences with his fierce energy, intellect in a white-ruled world. and often bitter humor.

'Soul on Ice.'

"You're either part of the problem or part of the solution," he challenged, in one of the slogans that became a byword

He became even more of a symbol when he jumped bail after a shootout between Black Panthers and the police and fled into exile in Cuba and Algeria. adding the causes of communism and Third World liberation to his repertoire, But after he returned to the United

First printed in Ramparts, the quin-

tian, a Moonie, a Morman, a crack co-caine addict, a designer of men's trousers featuring a codpiece and even, finally, a Republican.

When "Soul on Ice," was published in 1968 it had a tremendous impact on an intellectual community radicalized by the civil rights movement, urban riots, the war in Vietnam and campus rebellions. It In the black leather coat and beret the was a wild, divisive time in America, and rape, was hailed as a voice of black rage

"Cleaver is simply one of the best cultural critics now writing," Maxwell Geisnar wrote in the introduction to the McGraw-Hill book, adding: "As in Malcolm X's case, here is an 'outside' critic who takes pleasure in dissecting the deepest and most cherished notions of our personal and social behavior; and it takes a certain amount of courage and a 'willed objectivity' to read him.'

tessential radical magazine of the 60s,

sessed with sexuality. He traced the de-velopment of his political thought through his prison readings of the works of Thomas Paine, Marx, Lenin, James frame of mind. Baldwin and, above all, Malcolm X. he wrote. "It delighted me that I was "I have, so to speak, washed my hands in the blood of the martyr Mal- detying and trampling upon the white

colm X," Mr. Cleaver wrote after the man's law, upon his system of values, assassination of the onetime Black and that I was de! Thing his women - and Muslim leader who had moved away this point, I believe, was the most satfrom separatism, "whose retreat from listying to me because I was very rethe precipice of madness created new sentful over the historical fact of how the room for others to turn about in, and I am white man has used the black woman. I caught up in that tiny space, attempting a felt I was getting nevenge. maneuver of my own.

on black girls in the ghetto - in the black ghetto where dark and vicious deeds appear not as aberrations or deviations from the norm, but as part of the States in 1975. Mr. Cleaver metamorphosed variously into a born-again Chrissometimes bitingly funny, often ob-

deliberately, willfully, methodically -though looking back I see that I was in a frantic, wild and completely abandoned Rape was an insurrectionary act,

But in prison, Mr. Cleaver wrote: "

But it was a difficult space to reach. In one of the book's most gripping and brutal passages, he writes: "I became a rapist. To refine my technique and modus operandi, I started out by practicing from being human, civilized tor 1 could not approve the act of rape. Even though I had some insight into my oven motivations. I did not feel justified This my self respect. My pride as a man sufficiency of the Evil of the day - and dissolved, and my whole tragile model when I considered myself smooth structure seemed to collapse, completely

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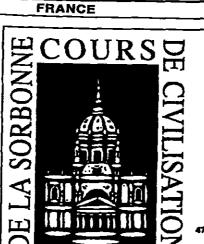
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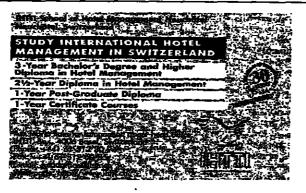
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EDITORIALS/OPINION

A Momentous Decision

European Union are preparing to discard their marks, liras, francs and other national currencies by 2002 in favor of a new currency, the euro. Their goal is to boost economic growth and political ties. But the euro could backfire, trapping unlucky regions in recession and triggering political resentment when no authority comes to the rescue.

Americans can hope that the brash policy works because prosperity in Europe helps the United States grow, even if the rise of the euro diminishes the international clout of the dollar.

By adopting the euro, every country in the European Union except Britain, Sweden, Denmark and Greece would create the kind of common currency in Europe that Americans take for granted with the dollar. The euro is likely to boost economic activity by cutting the cost of buying and selling. Rather than juggling [1] different yardsticks, consumers can instantly compare the price of goods in Finland. Italy and other countries in between. The euro also eliminates the risk for investors that exchange rates will fluctuate and sabotage long-term contracts.

But a single currency also poses risks, because it robs countries of control over their own economies. If the French economy takes a nosedive, the government can pump in francs, devalue the franc or cut taxes and raise spending. But under the euro, France would have no francs to inject into the economy or to devalue, and would operate under rules that severely limit deficit spending.
Unlike the United States, where cit-

Eleven of the 15 members of the izens commonly move from one state to another in search of economic opportunity, Europeans are unlikely to migrate to countries with different languages, cultures and laws. If the French economy slows, and the European central bank does nothing be-14 cause the rest of Europe is thriving, the French may be resentful. A policy desti signed to unify Europe could intensify::: divisions instead

If the curo boosts the Europeanos economy, it will also boost America's ov However, to the extent that it replaces: the dollar as the currency of international trade, it will trim some real financial benefits that come from America's current role as the world's banker. But the threat is small. The best guess puts the loss at a few billion dollars a year, nothing to fret about in an \$8 trillion economy.

A more amorphous threat is political. If managed properly, the euro could assume an international presence comparable to the dollar's.

There would be pressure on the Europeans to create a political body able to manage the euro for international purposes, like the bailout of South Korea, Indonesia and Thailand led by the United States.

Some in the United States welcome the political evolution of the European Union as a way to lighten the United States' economic and political burdens. Others fear Europe's potential

The impact of this momentous decision goes way beyond economics in

unpredictable directions. THE NEW YORK TIMES.

Go-Ahead for NATO

President Bill Clinton launched NATO enlargement, and a Republican Senate ratified it. This one-two provides a richly bipartisan achievement for American foreign policy.

The accession of Hungary, Poland and the Czech Republic amounts to a major expansion of American defense responsibilities, with commensurate risks and costs, some impossible now to calculate. But, and here is the rationale for enlargement, it also amounts to an expansion of deterrence, stability and encouragement for democracy in the heart of a continent of paramount American interest and in continuing need of support for these goals.

Opponents of ratification never had the horses in the Senate. Nonetheless, the opponents, in and out of the Senate, did raise serious questions that require unbroken attention. One of the two principal questions concerns those exira risks and costs.

The best response to it is that the extension of NATO into the gray area of the new Central European democracies should diminish the strategic uncertainty that is the region's chief threat. With the shrinking of uncertainty comes the containment of the costs and risks. That is the very premise of the new decision.

dreds of miles closer to Russia's borders, with further movement perhaps to come, may not provoke Russia into a backward-looking nationalistic policy. It would be foolish to say that Rus-

sia. a country still in a vulnerable phase of uprootedness and transition, cannot be further alienated. But that simply makes it prudent to engage with Russia more deeply across the board in order to prevent the opponents' dire forecasts from becoming true by official default. No doubt many Russians would prefer to keep Central Europe a sphere of influence in which traditional Russian security ambitions prevail over the wishes of the new democracies. But the Cold War was fought, on the American side, precisely to prevent that old habit from being sustained.

Meanwhile, no one should think that NATO enlargement has solved the problem of European security. Politically speaking, launching a bold project on the future of Europe is a snap next to dealing with the storm gath ering in Kosovo. For the United States and its partners in Europe, the price of yielding to Serbia's power play there is very high.

- THE WASHINGTON POST.

Only trained computer programmers or the otherwise technically astute can truly evaluate the severity of the coming "Year 2000" computer crisis. Everyone else is stuck weighing the credibility of various estimates and estimators and looking for clues. But the clues are beginning to suggest an event that, however serious, is at least being taken seriously.

The U.S. Senate last week anneunced the formation of a select committee to track Year 2000 (or "Y2K") compliance efforts across the government. The House has been holding hearings for more than a year. The president has created a White House council on the problem and authorized government agencies to work with outside institutions on their plans for "Y2K compliance." A worldwide "virtual conference" on the topic is

As for the dimensions of the problem, no one, even now, has a clear idea what will happen when the "99" in two-digit date fields turns over to "OP." Some people still think air traffic control computers will shut down, Social Security checks will not be issued, credit checks and shipping routes will go haywire, and world financial systems will splinter (especially if they are connecting to noncompliant networks

The 'Year 2000' Crisis in places such as Asia, which has been

distracted by its recent crises). Will any of this really happen? The consensus so far is that most companies :: and industries have attacked the prob- 1 monetary union points us Eurolem but are moving too slowly. The first or peans toward the unattainable official U.S. estimate, from the Federal + and questionable goal of Reserve, says the updating job will cost a "unity" in a part of Europe. U.S. businesses around \$50 billion.... y. NATO enlargement steers us

Some see the millennium bug notasa: toward the desirable and attainonetime event that will happen at midnight on Dec. 31, 1999, but as a con-:_ tinual avalanche affecting organizations and their interaction from the time. they begin spending money to prepare as labor mobility, price and wage until long after the deadline is past. flexibility and substantial fiscal transfers between states that to-

The snowball effect is visible in. another way, too, perhaps best illustrated by the warning appended to the government's site for its conference: Please note that the purpose of this conference is not to advertise or promote specific Y2K products." looming presumed catastrophe is an open invitation for entrepreneurs, consultants, marketers and charlatans

As forests of new bureaucracies spring up, it is important to keep in mind that it will be programmers alone, not councils and planning teams and flow charts, who can find the Year 2000 bugs in miles of old computer code. —THE WASHINGTON POST.

Herald Cribune

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A Bigger NATO Doesn't Solve the Kosovo Crisis

WASHINGTON — History's sub-conscious was rumbling in Europe and America last week. At almost the same time that the U.S. Senate was obediently ratifying the Clinton administration's flawed NATO expansion plan. Russia was decisively distancing itself from U.S. leadership on the Balkans.

One event did not lead directly to the other. Moscow's historical and ethnic ties with Belgrade would have, in any event, weighed heavily on Boris Yeltsin's refusal to join Washington and four European allies in new threats of financial and military pressure on Serbia to stop bloodshed in Kosovo.

But the two things are linked at a deeper, less visible level of opportunity costs and misplaced focus. In the real world in which the Kosovo crisis occurs, the abstract benefit of NATO expansion is a distracting sideshow.

The NATO expansion argument ended in dignity in Washington. The faulty timing and underdone strategic thinking involved in admitting the Czech Republic, Poland and Hungary to the Atlantic alliance now were clearly outlined by the 19 senators who refused to follow the herd and voted against ratification. America owes John Warner of Virginia, Daniel Patrick Moynihan of New York and the others a vote of thanks for courage and intellectual honesty.

The task now is to make this strategically promiscuous administration live up to its promises that NATO expansion will be militarily irrelevant for Europe's future; that costs for U.S. taxpayers will amount only to tens of deputy, Strobe Talbott, quickly

By Jim Hoagland

millions of dollars a year far into the future; and that the Russian public will continue to be unconcerned about the placement of NATO's suddenly undefined eastern frontier.

Enter Kosovo, the 90 percent ethnic Albanian southern province of Scrbia and one of the many potential flies in the ointments promised by the Clintonites. Kosovo has been pushed to the brink of civil war as Slobodan Milosevic's

goons responded to isolated attacks by Kosovar irregulars with harsh collective ponishment, destroying hamlets and radicalizing the civilian population. The Clinton administration has for months chased a diplomatic will-o'-

the-wisp by making unity with Britain, France, Germany, Italy and Russia the basis for dealing with Mr. Milosevic on Kosovo. This was an attempt to replicate the Contact Group that provided diplomatic cover for the Dayton peace accord on Bosnia. Instead, on Kosovo the Contact

Group replicated the divisions and confusion of the early years of allied efforts on Bosnia, Secretary of State Madeleine Albright left a deadlocked meeting in Bonn on March 25 seething in anger and vowing never again to engage in "low-est common denominator" diplomacy. The fend ignited between Mrs. Albright and German Foreign Minister Klaus Kinkel in Boon is likely to endure as long as each remains in office, dip-

lomatic sources predict. Mrs. Albright's more even-tempered launched a tour of Contact Group capitals to undo the damage. His implied threats that the United States would bypass the six-nation steering group had some effect when the Contact Group met again in Rome last week.

Germany, France and Italy agreed at last to join the United States and Britain in threatening to freeze Serbian assets abroad and ban new investments if Mr. Milosevic does not start serious peace talks with the Kosovars immediately.

It was not a great sacrifice by the Europeans. These are symbolic moves that will have no practical effect and will be brushed off by Mr. Milosevic. Even so, the Russians would not join the threats, and again made clear that they opposed any attempt to apply military pressure against Mr. Milosevic over this "internal affair."

As Senator Joseph Biden of Delaware and assorted Senate Pollyannas were explaining how NATO expansion guaranteed Europe's security in the next millennium. U.S. diplomacy that has periodically focused on Europe's hottest real security problem was fizzling out on the ground, and the "part-nership fatigue" that now dominates U.S.-Russian relations was being held

up for public display.

The United States will next bring Kosovo into NATO discussions on peacekeeping deployments or maneuvers in neighboring Macedonia and/or Albania. The NATO-Russia Council, created in part to pay the Russians off for acquiescing to NATO expansion, will then repeat the deadlock reached in Rome and snari diplomacy once more.

There is no credible U.S. or NATO

Call for Psych Celebrate Vi military option that will secure the goals that the Clinton administration has set in Kosovo, which are to force Mr. Milosevic to give the Kosovars great autonomy while forcing the Kosovars to give up their demands for independence.

Strategic bombing is not an instruz ment for promoting autonomy. Neither is a unilateral deployment of the large peacekeeping force that would be needed to keep Kosovo both calm and needed to keep keep needed to keep keep needed to keep needed needed to keep needed nee part of the truncated Yugoslav state nowir formed by Serbia and Montenegro. La

By publicly endorsing Mr. Milo-insevic's demand that his state's territorials integrity has to be respected, Washira ington agrees that this is an internal affair and gives away its leverage.

Kosovo is thus not a replay of Bos nia, where outside force was effective. in shoring up internationally recognized frontiers. Kosovo is Chechnya allover again, with Milosevic as Yeltsin, preparing to raze his rebellious province before granting great auto-13 normy to the ashes that will be left.

The United States should not fool; itself into thinking that it has an effective military option in Kosovo's

bringing Mr. Milosevic to heel in this, situation is probably Russia -- which for some reason is not reluctant to seen Kosovo turn into a greater crisis, one, possessing the potential to split NATO and undermine the U.S. leadership in Europe that Mr. Yeltsin once supported : without reservation.

Wonder why. The Washington Post.

The Next Big Euro-Atlantic Task Is to Engage Russia

WASHINGTON — After the U.S. Senate's vote to ratify the expansion of NATO. The other principal question is whether the movement of NATO hunthe next historic task for the Euro-Atlantic community is to

engage Russia. This will take time, but success will signal the resolution at last of the fateful dilemma that 20th century Europe was unable to solve on its own: How to deal with the rise of German and of Russian power.

The problem posed by Germany was put to rest by the founding of NATO some 50 years ago. That act wedded America's security to that of then vulnerable Western Europe, and it made possible the ensuing progress toward European unification.

It is no exaggeration to say that without NATO there would have been no German-French reconciliation, and that without that reconciliation there would be today no European Union.

It was America's physical presence in Europe, confirmed by the North Atlantic Treaty, that gave the Europeans the sense of security needed to permit the full restoration of West Germany to the European club.

OXFORD, England — The attempt to create European

able goal of liberal order in the

observe that Europe lacks the

gether make monetary union

work in the United States. Nor

does Europe have the common

language, way of life and single democratic polity that make such things possible. Euro-optimists argue that the

new euro will itself bring about

both more economic flexibility,

which Continental politicians

have largely failed to achieve in

their own countries, and more

political unification. That is, the

currency will create the con-

ditions for its own survival. It's

that the failure of monetary un-

ion would compel European

leaders to take the difficult steps

that they have not been pre-

pared to take before. If before

1989 it was the fear of Soviet

communism that helped to

drive forward West European

integration, now it is to be the

abstract threat, especially in a

country like Germany, where

two-thirds of the population

till does not want to give up the trong and well-tried Deutsche

Actually, the Germans might

be glad to have the mark back.

And European politics is still

monetary union will be ex-

pressed through national elec-

tions. If things go quite well for

a year or two, the Euro-optim-

ists will scoff at us doubters. But

once it becomes apparent that

some countries are doing better

than others, and unemployment

rises from its already very high

levels, populist politicians will

blame monetary union.

The strains of carrying out

mark for the untried euro.

Yet this fear is a somewhat

fear of failure.

national.

The underlying gamble is

a lot to ask of a little coin.

It is by now commonplace to

whole of Europe.

in a part of Europe.

By Zbigniew Brzezinski

Extend the Liberal Order to All of Europe

By Timothy Garton Ash

As we have seen with the was a brand new, computer-

from us.

Kosovo.

Later on, it was also that fact that enabled the Europeans, esnecially the French, to accommodate themselves to the emergence of a reunited Germany as the leading power of Enrope. The expansion of NATO into

recently freed Central Europe similarly now provides the needed confidence for the continuing German-Polish and German-Czech reconciliation. That reconciliation is remarkable in its political pace and social scope. Public opinion polls show that Germany is now ranked by the Poles almost as favorably as America, with Polish fears of a powerful Germany diluted by Germany's firm anchorage in the Euro-Atlantic alliance.

As important to Europe's future is the prospect that NATO's expansion will next prompt a genuine reconciliation between the Russians and their Central European neighbors. Once in NATO, the Central Europeans will no longer fear that closeness to Russia can mean a mostal embrace, a fear deeply rooted in their painful historical experiences.

successes of the ultranationalist

Jean-Marie Le Pen in France

and, most recently, of the ex-

People's Union in Saxony-An-

halt, some politicians are

already scoring with such ar-

If, as seems likely, the Ger-

man government that emerges

from this autumn's elections is

a "grand coalition" of Chris-

tian Democrats and Social

Democrats, then the votes of the

discontented will strengthen the

extremes of left and right (as

happened with the last "grand coalition" from 1966 to 1969),

since the two main parties will

both be in power. Italian politics

is also vulnerable to a growth of

many are still divided about

how the new currency should be

managed: by fully independent

central bankers, on the Bundes-

bank model, or partly also by

politicians, with an eye to employment and fixing the euro-dollar rate to help boost Euro-

I am not arguing that mon-

etary union will necessarily fall

apart under these strains, and

Europe with it. But it will be a

very rough ride for some years

This is only half the story.

The other half is that coping

with the strains will continue to

divert European leaders' atten-

tion from the truly historic task

of spreading the liberal order

that we already have inside the

European Union to the less for-

tunate parts of the Continent

where there is still a real danger

ers set the wrong priority after the end of the Cold War. For

40 years we had lived in a di-

vided house. In the Western half

we had renovated, rewired.

knocked rooms together, redec-

orated, while the Eastern half

fell apart. Then in 1989 the wall

They decided that what the

What did our leaders do?

The plain fact is that our lead-

Meanwhile, France and Ger-

both extremes.

pean exports.

to come.

of war.

came down.

right-wing German

By the same token, the Russians must be made to feel that the expansion of NATO into Central Europe is neither an intentional nor an unintentional means for the exclusion of Rus-

sia from Europe. It must be made evidently and credibly clear to the Russians that the expansion of NATO and of the European Union are open-ended historical processes, with neither fixed geopolitical nor time limits, and that eventually a more formal association with both is on Russia's political horizon.

Admittedly, in the longer run, inherent in the continued expansion of NATO beyond the wider but still allied Euro-Atlantic security mechanism.

The much larger NATO that could emerge in the course of the next two decades would fect would in the meantime also then reflect (and institutionalize) the new reality of expanded al inclusion in NATO of such European security and of European states as the Baltics or Europe-wide political recon- even Ukraine.

controlled system of air-condi-

tioning in the Western half. And

while we set about installing it,

the poor tenants in the Eastern

half were left to deal as best

they could, with minimal help

Some, like the Poles, Hun-

garians and Czechs, managed

an incredible feat of do-it-your-

self renovation. But others

started burning the furniture

and fighting instead. We

fiddled in Maastricht while Sa-

Today, nine years later, re-

ports of the last preparations for

monetary union compete with

those of imminent war in

True, the European Union

has finally opened enlargement

negotiations with five post-

Communist countries: Poland,

Hungary, the Czech Republic,

Slovenia and Estonia. But the

word in Brussels is that the

earliest they are likely to join is

There is a real danger that the

West German taxpayers, for

voters and special interest groups

of Western Europe will balk at

example, have been asked to

pay many billions of dollars for

accept cuts in welfare spending

and to have their savings con-

verted into a currency that will,

let's be realistic, be somewhat

Being asked to pay for en-

largement could be the last

straw. Right-wing populists — not friends, traditionally, of the

Poles or Czechs — are sure to

put it that way to voters. So

here, too, there is an awkward

tension between monetary un-

must try to make monetary un-

ion work. But we should re-

Having come this far, we

softer than the mark.

ion and enlargement.

unnecessary risk.

Now they are being asked to

the costs of enlargement.

unification.

rajevo began to burn.

ciliation. That should not be perceived as an undesirable outcome. After all, NATO was never an end in itself but a means for achieving a worthy goal: a truly secure and reconciled Europe, permanently linked to America.

Accordingly, the United States, as the leading power in NATO, should state explicitly - and not just hint, as it occasionally has - that at some point in the future even Russia's membership in NATO might make sense both for NATO and for Russia. Once (and if) Russia's de-

mocracy has been consolidated, once Russia itself makes the subjective choice in favor of membership, and once it fully cially following both NATO's and the European Union's further eastward expansion.

A clear statement to that efreinforce the case for the gradu-

ized ways to resolve conflicts,

supported by a framework of

dented in European history. But

best is the enemy of the good.

Even if monetary union works in itself, it may still

Fortunately, NATO has stepped in where the EU failed

to tread, and the Senate's de-

cision in Washington is reason

for celebration. But the rest will

The writer, a fellow of St.

Antony's College, Oxford, is the

author, most recently, of "The

be up to us Europeans.

The New York Times.

modern Russia might truly fit. It is also a fact that many thoughtful Russians do not share the violently anti-NATO perspective propagated in America by various members of the dd Soviet foreign policy establishment, and mindlessly echoeday

A major speech by the U.S.

president, outlining how the

United States envisages the longer-range relationship between America and Europe and

Russia, would have the added

benefit of projecting a longer-

term strategic vision that Russia

The Russian public does not have a clear notion of wherein

the global scheme of things a

postimperial, stably democratic,

currently lacks.

their American supporters, will first three new Central European members is the prospect of NATO's gradual transformation from an alliance into a set of the several objective of written late in 1997 by Yell Davidov of the Russian Federal Academy of Military Sciences.

He ridicules "the hysterical propaganda" that the Kremlin conducted against NATO's expansion, accuses policymakers of having listened too much to American critics of the expansion without taking into account their lack of influence, and pre-dicts that the new NATO members will now "feel more self-confident and secure" and "he able to go much further to meet Russia," thereby paving the way for "our path to Europe." Mr. Davidov goes on: "Oue

common law and a common market -- something unprececan feel however one wishes about NATO, the United States it is precisely this great achieveand Western Europe, but at the same time one cannot but rement that is imperiled by the forced march to unity through ognize that in the postwar period through their efforts a broad money. Here, as so often, the Euro-Atlantic zone has been created in the world. States of a liberal-democratic persuasion hinder us in the immense task of its constituent parts, have never extending the liberal order to waged war against one another the whole of Europe — the task and do not intend to in the nea that we should have made our future. ... It is in Russia's interes top priority after the end of the to become an organic part of this

zone in one form or another." One can only add: It is also in the West's. In brief, NATO's expansion should not be viewed as a defeat for Russia but as a major step

Europe. The writer was nationalise .

toward a truly reconciled

curity adviser to President File: A Personal History." He contributed this comment to Jimmy Carter. He contributed this comment to The Washing-

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Manila Defeat

GIBRALTAR - When the first news of the Manila disaster arrived the Spaniards refused to believe it, but finally accepted the fact, and the utmost depression reigns among them, for up to the last moment they stated that the United States navy was useless, disorganized and undisciplined and that its guns were no good. All such non-sensical ideas have been brought up with a sudden jerk which has brought the truth beforc the people crudely. It is felt that the same fate will meet any Spanish fleet attempting to tackle the Americans' more modern ships in Cuban waters.

1923: Chaos in China

member that Europe has embarked on a course fraught with PARIS - Conditions in China are reported to be steadily be-For all its faults, the Eurocoming worse. Chaos reigns, pean Union is a precious model and American business houses of liberal order. It is a system

ing. The Chinese Governmen cannot settle its quarrels and elect a new President, and China is now in the hands of chieftains, some of whom go so far as to collect the revenue from the railroads, while the collection of taxes by the central government has become almost impossible The Chinese Republic seems to be falling apart.

1948: Negro Victory

PARIS - [The Herald Says in an Editorial:] The Negro has won an important victory. For the first time since 1876 he has the right to participate in the South Carolina Democratic primary elections. The white primary, at least in letter, ik dead. In refusing to review lower-court proceedings, the Supreme Court has at last settled the matter of barring the Negro from the polls because he is a Negro. South Carolina was

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HEALTH/SCIENCE

A Call for Psychology To Celebrate Virtues

By Trish Hall New York Times Service

EW YORK — Psychologists rarely think much about what makes people happy. They focus on what makes them sad, on what makes them anytions. That is why psychology journal to the property of the anxions. That is why psychology journals have published 45,000 articles in the last 30 years on depression, but only 400 on joy. Joy is not covered by insurance, nor does it lead to tenure.

It was not always like that. When psychology began developing as a pro-fession, it had three goals: to identify genius, to heal the sick and to help people live better, happier lives. Over the last half century, however, it has focused almost entirely on pathology, taking the science of medicine, itself structured around disease, as its model.

That is an imbalance, says Martin Seligman, the new president of the American Psychological Association, and one that he is determined to change.

Dr. Seligman, a professor at the University of Pennsylvania who is known for his work on optimism, pessimism, learned helplessness and motivation, has a strategy for transforming a pro-

fession he thinks has gone awry.

"I believe America is fed up with the victim model and wants to make life better," said Dr. Seligman, who took over the presidency on Jan. 1. "I don't want to cast out the disease model. But we need a science that tells us about human strengths. I want to remind psychologists of normal people."

No one at any of the top university

psychology departments, he said, is primarily engaged in studying the three central aspects of people's lives: love, work and play, or in synthesizing what has been learned so that people can make use of their findings.

The three are unusually intertwined in the life Dr. Seligman has created at his sprawling home outside Philadelphia. He lives there with his second

wife, Mandy, and their three young chil-dren, whom she educates at home. Their home classrooms look like those in the best schools, with lots of engaging charts on the walls, artwork everywhere, butterflies in the process of being born and ants wending their way through tun-nels, with occasional obstructions from

strawberry-peach yogurt.

The children seem to teach him as much as he teaches them. When he had his first two children, who are now 25 and 28, with his first wife, he had almost nothing to do with raising them, he said, because he was obsessed with his professional advancement. Now he makes time for his children, and in the process he has gained a mission in his role at the APA, which has 155,000 members.

Psychology, he said, has been neg-ative "essentially for 100 years." Theories have generally focused on damage, as have techniques for intervention. "Social science has believed negative things were authentic and human strengths were coping mechanisms," he said.

But what he sees in his children are 'pure, unadulterated strengths" that are not compensations for trauma, but intrinsic. "I find myself beginning to believe psychology needs to ask, What are the virtues? We need to delineate them, assess them, ask causal questions. What are the interactions? How does it grow? Let's talk about growth and questions of strength.'

In his efforts to raise these questions, he has begun giving speeches in the last few weeks to groups of clinical psy-chologists, arguing for a new "positive psychology" that would use rigorous scientific methods to study questions that have not been acceptable, questions that have not had financing. Rather than spending \$10 million on, say, phobias and fears, he says, study courage. Citing the standing ovations that have greeted his remarks, he says that the time is right for a transformation.

Dr. Seligman has begun writing grant requests, hoping to establish a research



Dr. Seligman, new president of the American Psychological Association.

network that will get positive psychology off the ground. He also expects more money for research from the National Institute of Mental Health, which, he said, realizes that the disease model does not offer sufficient insights into prevention. It does not seem possible that changes in the field of psychology could occur in such a structured way. But the current focus of the field, Dr. Seligman said, is believed to have been

determined by just a few people.

"It actually happened at a moment in

time," he said, referring to a meeting of the Society of Experimental Psychologists 65 years ago. The chairmen of the psychology departments at Harvard, Yale and Pennsylvania State University had a conversation then about applied psychology and agreed that they would not hire people who specialized in that approach. That was the end of significant work in areas like industrial psychology at universities, a field in which psychologists sought to analyze and change the workplace.

Alternative Care: Buyer Beware

By Jane E. Brody New York Times Service

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EW YORK — Alternative medicine is clearly the largest growth industry in health care today. Last year, 42-percent of American adults used some type of alternative care — herbal therapy, chiropractic, acupuncture, mas-sage therapy or any of a number of other methods not taught in medical school, according to a nationwide telephone survey conducted for Landmark Healthcare Inc., a managed alternative care com-

pany in Sacramento, California.

Of the 1,500 adults interviewed in November, 44 percent said they would use an alternative method if traditional medical care was not producing the desired results, and 71 percent predicted that consumer demand for alternative. or complementary, care would be mod-erate to strong in the future.

While most doctors shun such care and question its merits and reliability, Americans are voting with their feet and pocketbooks. Studies have shown that patients make more visits each year to alternative care practitioners than to primary care physicians, and most of them pay out of their own pockets for the care they receive. But now, in response to the growing demand and in hopes of reducing health care costs, more health plans are including options for alternative methods, and some U.S. hospitals have complementary care clinics.

At a recent meeting on complementary medicine sponsored by the Northern California Cancer Center and held at Stanford University, David Spiegel, a professor of psychiatry and behavioral science at Stanford, said patients who availed themselves of alternative care were seeking "caring attention, something they are getting less and less of from physicians under managed care." Alternative care practitioners, including acupuncturists, chiropractors, herbalists and massage therapists, spend more time

with patients - 30 minutes on average. or 4 times more than physicians now devote to each patient, Dr. Spiegel said.

According to a 1993 study by the Kaiser-Permanente health care system, 56 percent of those who seek alternative care suffer chronic pain and 22 percent cite stress or a mental health problem as their chief complaint. Among the most common problems are back pain, anxiety, allergies, arthritis, depression and insomnia. Evidence is mounting that alternative techniques like acupuncture. hypnosis and some herbal remedies can help relieve such conditions.

But disastrous consequences can come from an uneducated and careless foray into alternative medicine. Here are some important issues to keep in mind:

 Be sure you have received a correct diagnosis from a conventional doctor before seeking alternative care. Medical literature is filled with stories of people receiving months of useless alternative remedies as an undiagnosed cancer grew unimpeded.

• Tell your medical doctor about any alternative methods, including dietary supplements, you are thinking of using. No matter what you may be told by a friend, neighbor or alternative care

practitioner, never stop an existing treatment without first consulting the doctor who prescribed it. • Don't be fooled by the word "natural." Natural is not synonymous with safe. Arsenic, pennyroyal, botulinum toxin and urushiol (the rash-inducing substance in poison ivy) are natural -

and highly poisonous. Furthermore, because companies in the United States are not allowed to make health claims for their products, they are also not required to warn consumers of possible side effects or in-teractions. To make matters worse, the Food and Drug Administration, which cannot require premarket clearance based on tests of safety and effectiveness for any dietary supplement, can act against a product only after a disaster.

By the time we get to the

Kabwe, about 400,000 years

ago, you get a canal that's a modern size," Mr. Cartmill

said. "And that's true of all

later Homo species, including Neanderthal."

Could Neanderthals Talk? Fossil Record Suggests a Resounding 'Yes'

By John Noble Wilford New York Times Service

ew york --is probably the most important behavioral attribute that distinguishes huthat transforming evolutionary step occurred.

They have probed the huwith casts of the braincase They have compared bones in the throats of humans, apes and ancestral human skeletons. Archaeologists have ex- forming speech sounds. amined patterns in early stone tools for clues to when humans might have developed the creativity and the selfawareness usually associated with communication skills

unambiguous evidence for innovation. human speech is found in the While scientists cave art and other artifacts, particularly in Europe and Africa, that began appearing some 40,000 years ago. Now scientists at Duke Uni-

that vocal capabilities like those of modern humans may have evolved among species man brain and compared it of the Homo line more than 400,000 years ago. By then, from ancient fossil skulls. their research shows, human ancestors may have had a full and muscle attachment points modern complement of nerves to the tongue muscles and so could have been capable of

> These findings, moreover, indicate that Neanderthals, relatives of modern humans, could have had the same gift for speech. Their extinction about 30,000 years ago has

In a report in The Proceedpologists say that if their interpretation of the tongue nerves is correct, "then human beings from other an- versity have explored a new manlike speech capabilities imals, they have been at a loss avenue of fossil anatomy and may have evolved much izes in Neanderthal studies. from the archaeological ev- sonable conclusion," he said, idence for the antiquity of symbolic thought."

The research was conduct-Cartmill at the Duke Medical Center in Durham, North Carlow. The results were also described earlier this month in Salt Lake City at a meeting of the American Association of Physical Anthropology.

This is evidence for the

Anthropologists familiar with the research said the ings of the National Academy findings were interesting and of Sciences, the Duke anthro-exciting. Some were reserving judgment, but not Erik Trinkaus, an anthropologist at Washington University in St. Louis, Missouri, who special-

"I think it's not only a rea-"but one long overdue."

Mr. Trinkaus said previous research had been based on ed by Richard Kay and Matt deficient anatomical reconstructions, none of which adequately took into account the olina, with the assistance of a neurological asperts for conformer student, Michelle Ba- trolling the vocal track to allow for speech. As for the possibility of

speech by archaic Homo sapiens 400,000 years ago, even before Neanderthals, he said this was consistent with a sigproposition that Neanderthals nificant enlargement of brain could talk," Mr. Cartmill said size in that period, the apoften been attributed in part to in a telephone interview. pearance of a more complex

All they had been able to speech deficiencies, restrict- "Did they sound like modern tool technology and migra- ted their research at the hyagree on is that the earliest ing their ability for cultural humans? I don't know." tool technology and migra- ted their research at the hyagree on is that the earliest ing their ability for cultural humans? I don't know." tions into colder climates, where life probably depended be related to advances in communications skills.

> Lieberman of Brown Univer- the muscles of the tongue. sity, an authority on early lanspeech and language.

VEN the discovery ago or a rount a large hyoid bone, which is in the throat and associated with speech, had not settled the issue of Neanderthal speech. Scientists had said there was still insufficient fossil evidence to enable an understanding of how the large hyinfluenced the production of

vocalizations. Mr. Cartmill cautioned that human speech "is suggestive but, in the present state of our knowledge, it is not proof."

Other scientists noted that other, independent evolutionary developments, including a lengthened larynx, enlarged prefrontal brain lobes and some reconfigurations of the brain, would have been critical to the emergence of ities." speech. The size of the brain of Neanderthals was well within the range of that of

modern humans. The Duke scientists direc-

poglossal canal in all primates. It is a hole at the bottom on greater planning that could of the skull in the back, where the spinal cord connects to the brain. Through the canal run On the other side, Philip nerve fibers from the brain to Homo sapiens.

It occurred to the scientists guage, has argued that the that the size of the hypo-Neanderthal throat would not glossal canal might serve as an index of the vocal abilities production of the vowels a, i of modern and early humans. and u. But Mr. Trinkaus con- The wider the canal, they astended that a species would sumed, the more nerve fibers not have needed modern Eng- there could be to control the lish's range of vowels to have tongue muscles. And the more nerves, they further suggested, the finer control the species could have over its in Israel a decade tongue for the purpose of ago of a Neander- making speech sounds.

ative measurements of hypoglossal canals of modern bumans, apes and several human ancestor fossils, the researchers concluded that the canals of modern humans are almost twice as large as those of modern apes - the oid bone might have chimpanzee and the gorillawhich are incapable of speech. They also found that the canal size of austrolothe new evidence for earlier pithecines, earlier human relatives that died out about one million years ago, did not differ significantly from that of chimpanzees.

The results, the scientists reported, "suggest minimum and maximum dates for the appearance of the modern human pattern of tongue motor innervation and speech abil-

To narrow the range, the scientists examined skeletons of Neanderthals and also of species of the Homo genus that lived as much as 400,000

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years ago. These included

Kabwe specimens from

Africa and Swanscombe

fossils from Europe. Their

hypoglossal canals fell within

the range of those of modern

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LANGUAGE

Joe Six-Pack Bounces John Q. Public

By William Safire

magazine after raina John Six-Pack's birth ceragainst him was dismissed by a judge adopted while campaigning for president in Little Rock, "I would have mixed ident in 1932 (before beer was sold in the resident property of the campaigning for president in 1932 (before beer was sold in the resident property of the campaigning for president property of the campaigni feelings about not getting a chance to disprove these allegations in court."
However, Clinton explained on Air

Force One, he did not have mixed feelings as president because he was not Joe Six-Pack and had to put the nation's interests before his own. This was not the first time Clinton used the subjunctive mood, or pres-

been had he not been a resident of 1600 Pennsylvania Avenue.
Essentially, Clinton used a colorful modern locution to contrast his highly responsible chief executive position with that of the average person having plenty of time to spare, whose name

once was Everyman.
In Dutch and English morality plays of the 15th century, Everyman—when called by Death—asked his fairweather friends Beauty, Kindred and Worldly Goods to accompany him, but they turned him down. One friend, however, loyally agreed, and together Good Deeds and Everyman entered

Only the Devil has more aliases than

Called Arts.

the average person.
The Chinese call him Old Hundred Names, the Russians Ivan Ivanovich, the French Monsieur Tout le Monde, the Germans Otto Normalburger or Jederman and the Dutch Elckerlijc. As the man in the street, he made his appearance in 1831 and was popular-ized a decade later by Ralph Waldo Emerson in his essay on self-reliance, playing on John Bunyan's metaphor playing on John Dunyan's incorplant. John Ton. Obviously, Mr. Six-Pack about the man with the muckrake: has bellied up to the bar of usage and

star in the sky." He signs checks John the Joes. EW YORK — "If I were the editor William Allen White in 1937 EW YORK — "If I were the editor William Allen White in 1937 English Dictionary is silent, the Ranjust a private citizen — Joe called him John Q. Public, and in 1883 dom House Historical Dictionary of the Yale sociologist William Graham American Slang has a citation in The Summer named him the formation may told Time Summer named him the forgotten man. magazine after Paula Jones's lawsuit a moniker that Franklin Roosevelt 1977.

Joseph. The average Joe appeared as Joe Blow (1867), Joe Doakes (1926), Joe College (1932), G.J. Joe (1943) and, in Britain, Joe Bloggs (1969). Though Joe Zilch (1925, probably a play on zero) and Joe Schmo (1950, thyming with hometawn Kolomo) are rhyming with hometown Kokomo) are derisive, Joe Cool (1949) gets respect major issue in the campaign," wrote Nolan, then at The Globe's Washingidential conditional, in speculation about what his reaction would have This assumption that Joe is average seems outdated because Joseph is a ton bureau, "talking about issues in the given name declining in vogue; if current averageness were the criterion, we rent averageness were the criterion, we might expect the average Michael or

Brian Six-Pack.

A six-pack (which still takes a hyphen, but not for long) is a half-dozen bottles or cans, often of beer, packaged to be purchased as a unit. Beer is raditionally Everyman's alcoholic beverage, sinrped up noisily or chug-a-lugged breathlessly by those who sneer at effete elitists with "Champagne tastes." Hence, the affinity of the ple-beian Joe with the symbol of beer purchased in quantity, the six-pack, a

word coined in 1952. Step aside, Geeks, writes Deborah Branscum in Newsweek Internet telephony is looking for Joe Six-Pack.
(The writer contrasts the high-technology geek with the average clumsy person.) In the same way, Robert Luskin, a criminal defense attorney, was quoted in The Washington Post as saying, "You ought not to be indicting the president of the United States for things that you don't indict Joe Six-Pack for." Obviously, Mr. Six-Pack

"The man in the street does not know a elbowed aside John Q. Public and all Who invented him? The Oxford

"Herewith Joe Six-Pack's birth cerardboard containers of six bottles).

His first name soon changed to at The Boston Globe. He attaches an gressional seat held by Speaker John McCormack. "Moakley plans to make Hicks the

ic facts of life." The headline over the Nolan story was "After the Soul of Joe

"The guy I heard it from," writes Nolan, "now long dead, threatened to sue if I quoted him. He must have known something. The initial mail in 1970 was all negative, accusing me of using Irish (and Polish!) ethnic sterectypes.

And what happened to Joe Moakley? "He really does qualify as Joe Six-Pack. Joe does not follow Beltway countre or cuisine and seems the same as he ever was. He lost to Louise Day Hicks that year and had to run as an independent in 1972, winning sub-urban votes to defeat her by fewer than 3.500 votes.

"Thus, the heir to John McCormack, the protégé to Tip O'Neill and the future chairman of the House Rules Committee began his career in Congress as sort of a (gasp!) reformer."

Major coinage found, triggered by a

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Chirac Exits Brussels With a Victory, His Reputation as a Bulldozer' Intact

By Craig R. Whitney New York Times Service

BRUSSELS -- If Europe gave out awards to President Jacques Chirac of France might take

of the NATO alliance 30 years after it pulled out. Then he immediately made that impossible by demanding the senior NATO post in the Mediterranean for France, the Southern Command in Naples. It had always been held by an American Navy admiral, since it would control the U.S. Sixth Fleet in wartime, and after Washington refused to give up the Naples post, France decided to stay where it is - half-in and half-out of the North Atlantic Treaty Organization

Last year, Mr. Chirac, whose conservatives controlled both houses of Parliament, the government in Paris, and a majority of the regional assemblies around the country, threw the electoral France ready for a common European currency. had even some French officials shaking their an attempted coup d'etat by technocrats that warned that his dissension was weakening put a Frenchman at the bank's head after 2002.

blunders in French political history. Fed-up 2 A.M. Sunday morning. voters threw out Mr. Chirac's prime minister. Alain Juppe, and voted for a leftist majority, compatriots that Europe needed a strong new politicians who shoot themselves in the foot, forcing Mr. Chirac to share power with a Socialist prime minister, Lionel Jospin.

Two years ago, Mr. Chirac announced that Chirac to the presidency three years ago have France would like to rejoin the military structure collapsed in recriminations about accepting supthe extreme-right National Front.

Even Paris, a Ganllist fiefdom that ANALYSIS Mr. Chirac ruled as mayor for 18 years, is now in danger of falling to the Socialists in the next municipal elections, in 2001.

The president has long been nicknamed "the bulldozer." Franz-Olivier Giesbert, a biographer, once wrote of him, "Jacques Chirac charges through politics without baggage or memory."

Only a few years ago Mr. Chirac was opposed

diminution of French sovereignty. But when European Union leaders gathered over the weekdice and called national legislative elections in a end in Brussels to decide to start the euro, the

For months, Mr. Chirac has been telling his currency to face up to the dollar on world financial markets and end the virtual dictation of This year, the Gaullist parties that brought Mr. international trading terms by the United States.

Germany, which has the strongest European currency to lose when the euro replaces the port in regional assemblies from Deutsche mark four years from now, was a bit uneasy about the bluster.

But Chancellor Helmut Kohl, battling for a fifth term in elections next September, needs to be able to reassure German voters that the euro will indeed be as sound as the Deutsche mark, so be insisted on a European central banker with impeccable antiinflationary credentials to run it: Wim Duisenberg of the Netherlands, which has pegged its currency to the Deutsche mark since 1983.

Mr. Duisenberg was enthusiastically accepted to the common currency as an unacceptable as head of the new European Central Bank's predecessor institution in Frankfurt by all 15 Euro-full eight-year term. pean Union central bankers, including the president of the Bank of France, Jean-Claude Trichet.

politicians from making the final decision. His Socialist government, which wanted more political control over the independent European Central Bank anyway, supported him. Mr. Chirac also was determined not to allow a candidate to be imposed by the Netherlands, a country that gave Mr. Chirac fits when he briefly resumed French nuclear testing in the Pacific in 1995.

Prime Minister Wim Kok also has irked Mr. Chirac by demonstrating a permissive attitude toward marijuana and hashish in Amsterdam. where drugs easily find their way to France now that continental Europe has all but eliminated border controls.

Last year, Mr. Chirac nominated Mr. Trichet to run the new bank when it starts operations next July 1. He pressed for the nomination even after it became clear this year that only France among the 11 countries that will start the new currency was not prepared to accept Mr. Duisenberg for a

Mr. Chirac bulldozed on even after Hans Tietmeyer, the head of the Bundesbank, Finance But Mr. Chirac was furious at what he saw as Minister Theo Waigel and other German leaders

The move was seen as one of the most colossal heads in disbelief when the rubble settled at about would preempt him and his fellow European the central bank, and potentially the euro, unders in French political history. Fed-up 2 A M Sunday morning And he chugged into Brussels last weekend, his Socialist finance minister and foreign minister beside him, determined to force France's 14 European Union partners to agree to a com-promise under which, if Mr. Trichet couldn't have the central bank presidency for the full eight years, he would at least have it for four.

Mr. Chirac was relentless in 12 hours of what a spokesman for Britain's prime minister, Tony Blair, called "hard pounding" for the only solition France would accept: an agreement to let Ma Duisenberg have a four-year term but agree to step down after four years and be replaced by Mi Trichet. Mr. Waigel and Mr. Kohl fought the move as a fatal weakening of the statutory independence of the central bank laid down in the 1992 Treaty on European Union to protect it from precisely this kind of political interference.

"It's not good at all for the European Central Bank to begin like that," asserted Jose Marik Gil-Robles, president of the European Parliament and one of many who warned that the credibility of the bank, and therefore the euro itself, could be badly damaged by the battle Mr. Chirac waged to

DEAL: The Euro Is Born Under a Shadow

Continued from Page 1

would "voluntarily" step down after four years. •Agreed that a Frenchman, Christian

Noyer, would be vice president of the bank for four years and that Mr. Trichet, now the governor of the Bank of France. would succeed Mr. Duisenberg for a full eight-year term.

Analysts said the blatant and ultificult for Mr. Kohl, facing a tough reelection campaign this year, to convince Bank was as independent as the Bundesbank, which it will replace when the euro

comes into being Jan. 1.
"I can hardly believe it," said a Bundesbank spokesman, Manfred

German diplomats explained that Mr. Kohl had gone along with the deal to united and at peace.

The decision made at the summit Jose-Maria Gil-Robles of Spain, angrily said that the bank had begun life like a malformed child.

"I would say it's no good at all for the European Central Bank to begin like ' he said.

EU sources said it was highly unlikely that the Parliament, which approved the 11 countries for euro membership Satby the heads of states.

When Mr. Chirac said at a news conference that Mr. Duisenberg had announced that he wanted to step down for clearly understood." "personal reasons" after four years, the roomful of journalists burst into nation to defend its own interests." With down between Jan. 1 and July 1, 2002. government and the Bundesbank. one of the most important economies in

SCORN:

Wide Discontent

Continued from Page 1

newed attack from his opponents.

said in a radio interview.

"outburst of nationalism."

EU colleagues complained that the

had failed to avoid a diplomatic em-

minister had not sufficiently briefed some

farce" was bound to antagonize the

Bundesbank, whose officials had warned

Mr. Kohl last week to avoid injecting any

politics into what supposedly is a po-

heard on the news so far," said the Bundesbank spokesman, Manfred Koerber. He declined to comment further.

The Bundesbank will most likely re-

act when its president, Hans Tietmeyer,

speaks Tuesday in Frankfurt or when the

German central bank's chief economist,

Otmar Issing, appears in the European

nomination to the European Central

For Mr. Kohl, the inability to fend off

the French amounts to a bitter defeat.

Mr. Kohl has "lost trust over his foreign

Bank board.

cial Democrats.

'I can hardly believe what I have

One economist said the "procedural

fellow leaders on the proposed deal.

litically insulated institution.

Europe, he said, France had an absolute right to place its representatives among those setting up the new currency.

"This is not nationalism but real-

ism," Mr. Chirac said. The outlines of the deal appeared late Friday evening after Mr. Blair held talks in the Hague with Prime Minister Wim Kok of the Netherlands.

The Maastricht Treaty on European Union states that the president of the mately successful French pressure in central bank must be appointed for eight favor of Mr. Trichet would make it difyears and that the term cannot be split; so what ensued was what a French spokesman described as a "political" rather Germans that the European Central than a "juridical" agreement not to split the term but to ensure that the incumbent would agree to serve only part of it.

The deal presented an almost insurmountable problem for Mr. Kohi, who has had too many problems with Germany's Constitutional Court to risk going home with an agreement open to legal challenge. He therefore rejected a French avoid sinking a project that would com-plete his overarching vision of a Europe departure be pre-established and written into the official minutes. Mr. Chirac was eventually satisfied

ernment leaders to proclaim:

"I want to thank you for the honor of Maastricht Treaty. nominating me for the function of president of the ECB on this historic oc- membership in the single currency until casion. I explained to Prime Minister at least after the next British election. Tony Blair that I will, in view of my age, found himself in the paradoxical position not want to serve the full term."

Mr. Duisenberg, 63, said the decision was "entirely of my own free will, and urday, would vote against the decision mine alone, and not under pressure from anyone." Similarly, he said, his decision currency and that the provisions of the to resign in the future "will be my decision alone." He added, "This must be Asked what France would do if Mr. decision alone.

Duisenberg changed his mind about

Mr. Gil-Robles said the deal skirted



meeting still needs the approval of the by a compromise in which Mr. Duis-European Parliament, whose president, enberg went before the assembled gov-

the spirit if not the letter of the

Mr. Blair, who has ruled out British of having to rescue the project. He said at a news conference, "It is essential right at the beginning that we make this very clear statement that the euro is a strong treaty be upheld in full."

He added, "When Mr. Duisenberg

decides to go, it is his decision and his

Mr. Chirac insisted that France's astonished if this were to happen. He from the outset that Mr. Duisenberg was Europe of nations, "It is up to each said Mr. Duisenberg had agreed to step the preferred candidate of the German

There was no suggestion here that Mr. must belong to the exchange-rate me- drew near.

Trichet's commitment to monetary stability was any less serious than Mr. tuations of a maximum of 2.5 percent in Duisenberg's. Analysts said the caliber of the central bank's newly appointed executive board was reassuring. Apart for maneuver will be removed. National from Mr. Duisenberg and Mr. Noyer, a currencies will effectively become subsenior French civil servant, the board comprises the Bundesbank's chief econ-period before euro bank notes and coins omist, Otmar Issing; the governor of the are introduced. There will therefore be Finnish Central Bank, Sirkka Hamalain- no further movements between one curen; the president of the Italian stock rency in the euro zone and another after exchange council. Tommaso Padoa-Schioppa, and a member of the Bank of Spain's executive council, Eugenio would use "appropriate market tech-

Domingo Solans. of the national currencies

convert to the euro Jan. 1.

Jan. 1. The ministers said central banks

Finance ministers said they would use nudge currencies toward the exchangesaid the rates were realistic, and they for Mr. Kohl to explain to the voters." said they expected little or no market

chanism for two years. It allows fluc-

value above or below the central rates.

CANCER: Drugs Raise Hopes for a Cure

Continued from Page 1

So far, the drugs are the only ones ever Bart Chernow, a professor of medicine tested that can seemingly eradicate all tumors in mice, even gigantic ones, equivalent to a two-pound (900-gram) Medicine. Dr. Chernow is a founder of growth in a person. The best that other Entremed, a company formed to make

But even the drugs' discoverer, Dr. Judah Folkman, a researcher at Children's Hospital in Boston, is cautious about their promise. Until patients take them, he said, it is dangerous to make predictions. All he knows for sure, he said, is that "if you have cancer and you are a mouse, we can take good care of you." Other scientists are not so restrained.

"Judah is going to cure cancer in two years." said Dr. James Watson, a Nobel laureate who directs the Cold Spring Harbor Laboratory, a cancer research center on Long Island, New York. Dr. Watson said Dr. Folkman would be refalls out, they bleed, they refuse to eat. membered along with scientists like Darwin as someone who permanently altered civilization.

The long trail to the discovery of the new drugs began more than 30 years ago when Dr. Folkman became obsessed by what many saw as a quixotic notion: that in the bone marrow to grow. cancers cannot grow beyond the size of a But Dr. Folkman is the first to urge cancers cannot grow beyond the size of a pinhead unless they have their own caution in leaping to conclusions about blood supply. If he could block a tumor's what might happen when patients try the blood supply, he reasoned, the tumor should shrink to a minuscule size.

The first major break in the efforts came a decade ago when Dr. Folkman and his collaborators found drugs that did what he envisioned. He called them anti-angiogenesis drugs because they stopped the process of developing new blood vessels, or angiogenesis. They slow tumor growth in animals but do not eradicate the tumors. Early results in patients indicate that the drugs may slow human cancers, too. Dozens of companies are developing such drugs.

The results with these weaker drugs were "a proof of principle," said Dr. and dean for research and technology at Johns Hopkins University School of Medicine. Dr. Chernow is a founder of cancer drugs have done is slow the and market angiostatin and endostatin as growth of these large tumors.

and market angiostatin and endostatin as well as some of the weaker drugs that can slow cancer growth.

And the drugs seem to have no side effects, at least in mice, something that needed to eliminate cancer and could not find any adverse effects. The two human proteins may be, he

said, "exquisitely aimed - we do not know why — at cancer."
In contrast, Dr. Folkman said, mice

fails out, they bleed, they refuse to eat.
For the past four years, Dr. Folkman said, he and his colleagues found that all turnors responded to the drugs in the same way. Even leukemia, a blood tumor, responds, he said, because it turns out that leukernia needs to form new blood vessels

what might happen when patients try the drugs. "Going from mice to people is a big jump, with lots of failures," he said.

Hopes were high for chemotherapy drugs that worked well in mice but turned out to be less successful in people. Therapies that used the immune system to rid the body of cancer also worked in mice but were disappointing therapy treats mouse cancer, but has had limited success in people. From bitter called "that four-letter word" - cure. hopes,

COMPROMISE: EU Undercuts Banker

Continued from Page 1

Bundesbank and the political main stream in Germany.

In news conferences and discussions with reporters, the participants suggested that nothing had taken place beyond the traditional range of compromise within the European Union and that considering the importance of the event, the 11 hours of struggle and sometimes harsh exchanges were not out of order. In a few weeks, they said, the skirmishing would be forgotten and the single currency of its way to success. All other interpretations, they said, were overdone.

In fact, the compromise went to the issue of Mr. Duisenberg's reputation and authority. In a matter of hours here, the "time-sharing" solution, which he and his backers had so long described as unacceptable if Europe's great monetary leap forward were to win worldwide respect, became the one that the EU's leaders chose. In the history of dealcutting within the community, which normally has resulted in somewhat equitable shares for all the participants, bere was a startling arrangement in which the key participant emerged as a diminished, devalued figure.

Journalists openly guffawed when Once the euro is adopted, this margin Mr. Chirac told them that Mr. Duisenberg's agreement to leave his post after four years reflected his own pet-sonal decision. Euro News, the televiunits of the euro during the three-year sion cooperative grouping several European public channels, caught the sense of failure and blushing compromise, describing the summit meeting as a sad event. The commentator Gerd Pelietier went further, saying live on Germany's niques" — buying and selling — to main state-run television network: "This was supposed to be a great day for laughter. "It is not a laughing matter," resigning, Mr. Chirac commented, "We quarrel was not with Germany but with the existing central rates in the European rate mechanism's central rate in the next Europe, but it was a public-relations" Mr. Chirac said sternly. The president shall see." But he said he would be the Netherlands. However, it was clear exchange-rate mechanism as the value eight months. Money market sources catastrophe. This is going to be very hard

> But if circumstances left monetary Countries wishing to join the euro volatility as the introduction of the euro union's most idealistic supporters' cringing in embarrassment, they appeared to have the greatest direct political effect for Mr. Kohl.

Having strongly supported Mr. Duisenberg as the best possible guardian of the single currency's rigor, and pront ised his electorate that the euro would be as strong at the Deutsche mark, Mr. Kohl came out of the meeting having to deal with the reality of France's having secured an eight-year term for Mr. Trichet and the vice presidency of the bank for another French candidate, Christian

Mr. Kohl had to explain not only why Mr. Duisenberg's period in office had-been cut in defiance of his expressed wishes but also why so much manage Dr. Folkman acknowledges is hard for researchers to believe. But, he said, he resentatives of a French administrative had given mice up to four times the doses caste that had been described within hisown governing alliance as determined to bring the new bank under political con-

Mr. Kohl had almost no ground for maneuver and appeared stuck with a political defeat. Gerhard Schroeder, his opponent for the chancellor's office in the September elections, as early as last year staked out a position on French influence over the central bank, saying.

The French attempt to turn the European Central Bank into a vassal of a political body breaks the Maastricht

The German need to regain terrain increased the likelihood of clashes between Bonn and Paris on the strict interpretation of the Stability and Growth Pact, which requires the monetary un-ion's participants to hold to strict debt and deficit targets, and on the powers of the so-called Euro-X council of the IT countries participating in monetary union that France is depicting as a political oversight body for the new bank.

For the rest of the community, which worked in mice but were disappointing when they were tried in people. Gene therapy treats mouse cancer but has had a watched the day turn into what? Prime Minister Jean-Luc Dehaene of Belgium called "not such a brilliant" spectacle," there was only the sense of a" experience, most cancer researchers botched occasion and the hope that if have learned to be leery of what one would not be a lasting blight on Europe's

The premier of the state of Bavaria, Edmund Stoiber, Mr. Kohl's ally, also derided the compromise, which he said had "thrown shadows over the start of the currency union." Prime Minister Wim Kok of the Netherlands, whose Labor Party seeks reelection Wednesday, came under re-"The deal has a bad smell and was reached under political pressure," Arie Oostlander, a member the opposition Christian Democrats in the Netherlands, Mr. Duisenberg's acceptance of a shortened term breached the Maastricht treaty, Mr. Oostlander said. He described the French stance as an The European Parliament president, Jose-Maria Gil-Robles, compared the deal to the birth of a deformed baby and said he had "no doubt" that it breached the spirit of the treaty of Maastricht. "I would say it is no good at all for the European Central Bank to start like this, Mr. Gil-Robles said.

Chancellor Helmut Kohl of Germany going through his papers as Finance Minister Theo Waigel looks on after the EU leaders' meeting in Brussels. British government, which holds the EU's six-month revolving presidency,

Britain's prime minister. Tony Blair, who presided over the summit meeting. was "ill-prepared," said Prime Minister forcing concessions on the French. Romano Prodi of Italy.

Luxembourg's prime minister, JeanClaude Juncker, said the British prime Already trailing by wide margins in the polls, Mr. Kohl's domestic initiatives have failed for the past two years.

Scorn over the central bank post threatens to undermine Mr. Kohl's next major drive in the form of a weeklong and said a strong and stable Europe was national marketing campaign that begins in the best interests of the United States, Monday for the euro.

diplomacy had been one of the few re- the German Federation of Industry, said maining strong points in his re-election the shortened terms "casts a shadow campaign, with a consistent record of over the central bank's much-prized au-

■ Clinton Hails Progress to Euro

President Bill Clinton welcomed Sunday the announcement that 11 European leaders agreed to create a single currency, Reuters reported from Washington. But one of Mr. Kohl's strongest sup-porters, Hans-Olaf Henkel, president of European integration," he said. "The United States has long supported

MIDEAST: U.S.-Israel Confrontation Feared if London Meetings With Albright Fail to Reactivate Peace Process the London meeting is the American ognized that Israel has the sole right to Israel will also hand over 7 percent from Area B to Area A B. It will hand over another 1 percent Continued from Page 1

On Sunday in Israel, Mr. Netanyahu's spokesman, David Bar-Ilan, said that about 27 percent of the West Bank, it would be utterly impossible for Is-Parliament this week for hearings on his rael to adhere to a withdrawal of 13 percent," but that Israel was hoping for "some incremental progress" in Lon-don on such issues as a Palestinian airport and seaport in the Gaza Strip and an industrial park on the Israel-Gaza bor-

policy," said Ingrid Mattaeus-Maier, der. Mr. Rubin, however, said that the public finance spokeswoman for the So-Americans "are interested in the views than 13 percent, even though, under the to Area A (land under complete Palations, Israel will hand over another 5

agenda, "not the airport."

The Palestinians currently control seized by Israel from Jordan in the 1967 Arab-Israeli war, and Israel, 73 percent.

Mr. Netanyahu says he cannot, on security grounds, hand over more than another 9 percent before final status talks begin, but privately has told Mr. Clinton he might be able to swing 11 percent.

But U.S. officials do not think Mr. Arafat could get away with much less also hand over 0.1 percent from Area C presuming both sides meet their obligall Democrats.

Americans "are interested in the views than 13 percent, even though, under the local Area A (tailo under complete and another the west Bank from Area C to in continued stalemate.

Mr. Kohl's dominance of European of Mr. Netanyahu" and that the focus of 1997 Hebron accords, Washington recestinian political and security control). percent of the West Bank from Area C to in continued stalemate.

under Oslo. The American proposal, never pubfor a three-stage withdrawal.

over to the Palestinians 1.9 percent from Area C (West Bank land under complete Israeli control) to Area B (land under Palestinian political control but with security under Israeli control). Israel will

determine the size of its redeployments Area B to Area A.

In return, Mr. Arafat will order a ban on all kinds of "encitement" to violence Area B to A. And both sides will begin. licly revealed but widely leaked, calls in the Palestinian Authority and the Palestinian Executive Committee will re-In the first five weeks, Israel hands confirm changes in the Palestinian Covenant by canceling all clauses calling for Israel's destruction.

From the sixth to the eleventh week, Israel will hand over another 5 percent from Arca C to Area B. In the 12th week,

from Area C to A.

It will transfer another 5 percent from accelerated negotiations on a final settlement between them, to be finished before next May.

So in the end, 13 percent would be transferred from Area C, and Area B will remain, after shifts of land to A, at 23

On Saturday, Mr. Rubin spoke pessimistically about a breakthrough here, and said that "there are grave dangers"

Central Bank Del

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Blair's Role in

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Blair's Role in Bank Deal Fails to Clarify Country's Position in EU

By Tom Buerkle

LONDON - Just over six months ago, Prime Minister Tony Blair appeared to have hit on an elegant solution for resolving Britain's dilemma over the single European currency.

By claiming to support British par-ticipation in principle but deferring a final decision until after the next general election, due by 2002, his Labour government last October gave itself ample time to bring Britain's economic cycle into line with the Continent's. The socalled prepare-and-decide strategy also tormented the opposition Conservative Party, which remains deeply split over the principle of monetary union.

But after the weekend decision that formally approved 11 European Union countries to introduce the euro next January, Britain's position now looks increasingly awkward and isolated, while Mr. Blair has been jolted by some unusually harsh criticism.

In the absence of any clear timetable or exchange rate for British entry into Europe's monetary union, the pound has soared on currency markets, damaging industry's competitiveness and raising the threat of recession.

The government last week reported a trade deficit of £2.2 billion (\$3.67 billion) in February, the worst in seven years, while the Confederation of British Industry said business confidence had plummeted to levels not seen since the depths of Britain's last recession in 1992. A new recession now is a "significant risk," according to Malcolm Levitt, euro adviser at Barclays Bank.

Export orders are collapsing. The summit meeting in Brussels also highlighted the possibility of Britain's political marginalization. Mr. Blair says

he wants Britain to be at the heart of Europe, and as holder of the EU presidency he presided at the meeting and helped mediate the agreement to ap-point Wim Duisenberg as president of the European Central Bank.

But the real decision-makers were Chancellor Helmit Kohl and President Jacques Chirac, evidence yet again that the single currency has always been a French-German project. Before the ink had dried on the deal, moreover, Chancellor Viktor Klima of Austria announced that his government would take immediate control of euro issues from Mr. Blair because Austria, the next EU president, is a charter euro member.

Mr. Blair's secondary role was "a classic example of Britain's participation in EU institutions," said Malcolm Bruce, a senior member of the Liberal Democratic Party. "Other people formulate the rules; we join later and complain about it.'

The complaints started immediately on Sunday as euro opponents in Britain decried the fact that Mr. Blair had agreed to a compromise that gave Mr. Duisenberg only a partial term as central bank president. The opposition Con-servative Party called the deal "a

blatantly political fudge."

Even more startling for a prime minister still basking in the glow of last month's Northern Ireland peace agreement, some EU leaders openly criti-cized Mr. Blair's stewardship of the Brussels meeting. Prime Minister Ro-mano Prodi of Italy called Mr. Blair "ill-prepared," while Mr. Klima said experienced EU hands "had never seen anything like it." Initial proposals put forward by Mr. Blair's team referring to a shorter term for the central bank presidency "had to be dropped when they were deemed illegal," he said.



Foreign Secretary Robin Cook of Britain, left, and Mr. Blair at the beginning of the Brussels conference.

Mr. Blair defended the compromise, saying it had preserved the "sanctity" of provisions in the Maastricht Treary for the central bank because Mr. Duisenberg would choose the time of his

early departure.

Mr. Blair and his chancellor of the Exchequer, Gordon Brown, also reject criticism of their stance toward monetary union, insisting that Labour in its first year in office has gone as far as it

could both politically and economically to steer Britain toward the euro. The government has shifted the issue

rutional barrier to British participation. Labour's tight budgetary policy and its decision to cede control of interest rates to the Bank of England will do

into line with the Continent's than any

onto straightforward economic grounds this week of regional conferences and by declaring that there is no constieducational campaigns called "Britain Prepares for the Euro. more to bring Britain's economic cycle

Any attempt to drive the pound lower or cut British short-term interest rates which stand nearly four percentage points above French and German levels

fixed timetable, they say; and in the

meantime, the government is stepping

up preparatory work, including the start

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union "would be a disaster for Britain, and for British industry," Mr. Blair told the House of Commons last week.

But although Mr. Blair says he can wait for "clear and unambiguous" evidence that monetary union will be good for Britain's economic interests, many people disagree, including prominent members of his own party. The House of Commons Treasury Select Committee last week said it would take more than five years to judge whether the euro was a success and right for Britain. Brian Sedgemore, a Labour member of the committee, dismissed the government's economic tests for membership as a 'smoke screen' to hide the political difficulty of winning a referendum on

The government's uncommitted stance appears to be hurting public support for the euro. In a recent poll conducted for Salomon Smith Barney, 54 percent of respondents opposed British entry, and 30 percent were in favor.

Many British companies, meanwhile. not content to wait for a swing in public opinion, are taking steps that could make the economy more dependent on the euro. In a bid to limit exchange-rate risk to their exports, the automaker Rover Group and British Steel PLC announced recently that they wanted their British suppliers to bill them in euros.

Those moves, plus the prospect that euro notes and coins will leak into Britain whether it joins the currency or not, led the House of Commons' Treasury committee to warn that the euro could rapidly become a parallel currency, effectively shifting part of the economy beyond British control.

Once the euro starts, things are going to move very fast indeed," said Giles Radice, the committee chairman. "The risks of staying out are increasing."

Central Bank Debacle May Shake Market Confidence, for Now

By Alan Friedman International Herald Tribune

ROME — This weekend's unseemly battle over the presidency of the European Central Bank could rattle currency and bond markets temporarily and might even cause interest rates to rise sooner than expected in Germany and France this spring, several leading European economists said Sunday.

The markets will be dismayed by the very public wheeling and dealing that has been carried out," said Avinash Persaud, head of currency research at 1.P. Morgan in London. "European politicians have succeeded over this weekend in casting doubt on the in-dependence of what is on paper sup-posed to be the world's most independent central bank."

Mr. Persaud predicted that "initially the shenanigans of the weekend." He predicted that the Deutsche mark could weaken, with the dollar rising as much as three pfennig, to 1.81 DM from 1.78

"I think both the bond and currency markets are going to react badly," said Julian Jessop, an economist at Nikko Securities in London. "It is going to be a nervous market opening.

Mr. Jessop also forecast that the Deutsche mark would weaken against the U.S. dollar "because this damages the credibility of the euro." He added that the German bond market and other European bond markets might also weaken "because this weekend makes it more likely the Bundesbank will raise interest rates by May or June.

Wim Duisenberg, the newly appointed European Central Bank president, begins his term as a lame duck and he has already damaged his own credibility by accepting this deal," Mr. Jessop said. 'It does no good for his own credibility that the first thing he does as president of the European Central Bank is to bend the Maastricht treaty" by offering to step

down halfway into his eight-year term. however, that the market jitters could fade once Mr. Duisenberg and other members of the bank's board stress their anti-inflation beliefs.

"I think this weakness will be temporary and will change once we see ECB members singing the same antiinflation song," Mr. Persaud said. Alison Cottrell, European economist

PaineWebber in London, described Mr. Duisenberg's appointment as a "procedural farce" and said "the very first reaction will be that the Deutsche mark will wobble.

But she added that the anti-inflation credentials of the new six-member central bank board suggest that the initially negative market reaction would be reversed 'in a matter of hours or a couple of days."

Ms. Cottrell and others agreed, moreover, that to prove their independence from the politicians, "annoyed" central bankers in the core European nations of Germany, France, Benelux and Austria might accelerate plans to increase short-term interest rates. For central bankers, Ms. Cottrell said, "this weekend's political deal is like shaking they sting.

Mr. Persaud agreed. "The benefit to central bankers' credibility of raising interest rates by a quarter percentage point," he said, "is substantial while the cost to economic recovery is negligible. And faced with this equation of benefit

and cost, I think the central bankers will be encouraged to raise rates early."

Mr. Jessop said the Duisenberg-Trichet handover plan meant that "we are going to start monetary union next January with higher interest rates than would have been the case otherwise." The reason, he said, was that "investors will now need more encouragement to hold euros, and that encouragement will come in the form of higher interest rates." Several economists agreed that market and political reactions would be conditioned over the next few days and weeks by the calendar of public

On Monday, for example, Reimut Jochimsen, an outspoken Bundesbank official who warned last week against splitting the eight-year term for the European Central Bank presidency, is scheduled to make a speech in Berlin. Hans Tietmeyer, will join other central bankers at the European Monetary Institute, the central bank's precursor, in the first regular meeting since this weekend's political compromise.

dividing the European Central Bank

bead's mandate would damage the euro's credibility.

On Thursday the European Parliament will hold hearings on the appointment of Mr. Duisenberg and five other nominees to the board of the central bank, and on May 13 the Parliament will hold a nonbinding vote on the appoint-

The European Parliament's President, Jose-Maria Gil-Robles, said Sunday that he had no doubt that splitting the presidency of the European Central Bank broke the spirit of the Maastricht treaty that governs monetary union.
"I would say its no good at all for the

European Central Bank to begin like this," Mr. Gil-Robles said.

Although the Bundesbank's next reg-

ularly scheduled council meeting is May 14, few observers believe the German central bank will increase interest meeting comes just 24 hours before the start of the Group of Seven's annual economic summit meeting in Birmingham, England, and three days before Chancellor Helmut Kohl opens the gov-Mr. Tietmeyer warned last week that erning Christian Democratic Union's

How Much Is a Euro? **About \$1.10**

LONDON - Another struggle, another eleventh-hour compromise, and finally, after years of arduous effort. Europe has agreed to launch the euro. So what's it

Well, it's about \$1.10, but you'll have to wait another eight months if you want exact change.

European Union leaders and finance ministers agreed to set a number of crucial bilateral exchange rates at their meeting in Brussels over the weekend. By deities between euro member currencies would be fixed irrevocably at the end of this year, the leaders sent a reassuring signal to financial mar-kets that should prevent any speculative attack against the currencies

of future euro members.
But the leaders said nothing at all about the rate that may dominate the future of international finance: the enro against the dollar.

The reason stems from a decision taken by EU leaders in Madrid in December 1995 to guarantee that the future euro would be worth exactly one European currency unit.

The Ecu is a basket composed of portions of all 15 EU currencies and has been used by governments and companies in the past two decades as a vehicle for minimizing ex-change-rate risks on borrowings or transactions. The leaders were keen to ensure that the tens of billions of dollars worth of bonds and corporate contracts denominated in Ecu would remain valid after the transition to the single currency. So they agreed in Madrid that one Ecu on Dec. 31, 1998, would be worth one euro on Jan. 1, 1999. On Friday, the Ecu was worth \$1.1005.

krona, the Danish krone and the

If they are strong over the next eight months, they will lift the value of the Ecu and, hence, the euro, to a level slightly higher than the value of the Deutsche mark and the other 10 participating currencies im-

The problem is that a little more than 15 percent of the Ecu's value is made up of four currencies that will not participate in the euro initially: the British pound, the Swedish

Greek drachma.

Duisenberg: From Free-Spending Socialist to Tough Monetarist

• Otmar Issing, chief economist at

Germany's central bank, the Bundes-

By Barry James International Herald Tribune

BRUSSELS - Wim Duisenberg, 63, who was appointed Sunday to run the European Central Bank when it begins operations July 1, is a convert to tight monetary stability. He is a classic example of a convert being the most zeal-

ous defender of the faith. In the 1970s, Mr. Duisenberg was a high-spending socialist politician who presided over the most inflationary period in postwar Dutch history.

As finance minister from 1973 to 1977 in the government of Joop den Uyl, the late Labor prime minister, he pursued a tax-and-spend policy that today would disqualify a government wishing to join the forthcoming Euro-

pean single currency. Mr. Duisenberg allowed the growth of a gigantic welfare state. Government spending as a proportion of gross do-mestic product ballooned from 48 percent when he took office, to more than 55 percent when he left to join the executive board of the Dutch cooperative bank. Rabobank Nederland.

By contrast, Jean-Claude Trichet, the governor of the French central bank, who challenged Mr. Duisenberg for the European Central Bank job and is due to take over in 2002, has unwaveringly been a hard-nosed monetarist.

Government spending as a proportion of GDP in the Netherlands continued to increase after Mr. Duisenberg's departure, and peaked at 66.6

percent in 1983. That experience taught Mr. Duisenberg a lesson when he became president of the Dutch central bank in 1982. The bank linked the guilder closely to the Deutsche mark, while the government pursued a monetarist policy based on low inflation and interest rates. As a result, the Netherlands had little difficulty meeting the criteria to join the

single currency.

Mr. Duisenberg became the head of the European Monetary Institute, the precursor of the European Central Bank, last year. He is considered extremely close to Hans Tietmeyer, president of the Common central bank the ident of the German central bank, the Bundesbank, which maintains an aloofness from government interference. It therefore came as a surprise that Mr. Duisenberg yielded to French pressure and agreed to resign halfway through the eight-year term to make way for Mr.

Some analysts said Mr. Duisenberg's promise cast a doubt on his ability to remain above the political fray, and was

not in keeping with the spirit of the Maastricht treaty on European Union. The treaty says that the bank presidency should be for an indivisible eight years, precisely to protect the president from political interference. It gives the

bank absolute liberty to set interest rates for the single currency zone as it 'The political deal, based on Wim Duisenberg's promise to step down early, can well be seen as at odds with

the treaty's spirit and issued a disappointing signal to the public and fi-nancial markets," the Dutch bank ABN-Amro said. On the other hand, Mr. Duisenberg will be in office long enough to oversee the introduction of euro coins and notes

in 2002, and his signature will be on the new bank notes. Early retirement will allow Mr. Duisenberg to concentrate on his golf game and his collection of country-and-west-

ern records. Before becoming a banker, Mr. Duisenberg taught macroeconomics at the universities of Groningen and Amsterdam and was on the staff of the international Monetary Fund from 1965 to 1969. He was chairman and president of the Bank for International Settlements

from 1988 to 1990.



Wim Duisenberg, left, being congratulated by Jean-Claude Trichet, his eventual successor, in Brussels on Sunday.

Bank's Board: **Team of Tested Inflation Hawks**

BRUSSELS — The European Central Bank will be headed by a Dutchman, Wim Duisenberg, along with five others nominated to the board, European Un-

ion officials said Sunday.

Mr. Duisenberg will be appointed as president for eight years but has agreed to step down in the first half of 2002 to be succeeded by the Bank of France governor, Jean-Claude Trichet, who will then hold the post for eight years. The other seats on the board will be

• Christian Noyer, former head of France's Treasury, who will be vice president for four years. Sirkka Hamalainen, governor of the

Bank of Finland, who will sit on the board for five years. • Domingo Solans, a member of the policy-making council of Spain's cen-









The European Central Bank board, from left: Mr. Solans, a Spanish central banker; Mr. Issing, the chief Bundesbank economist; Mr. Padoa Schioppa, a former Bank of Italy deputy governor; Mrs. Hamalainen, governor of the Bank of Finland, and Mr. Noyer, former head of France's Treasurv.

bank, who will have an eight-year term longtime inflation-fighters. coffers will contain about 50 billion tral bank, who will be on the board for

"It's probably the best European on the board. The central bank, based in Frankfurt, Central Bank you could imagine," said Tomasso Padoa Schioppa, a former will govern monetary policy within and Rolf Guenther Thumann, economist at deputy governor of the Bank of Italy Salomon Smith Barney in London. governor and head of the Italian stock among countries taking part in Europe's conversion to a common currency, the market regulator, who will sit for seven

The bank will set interest rates, coneuro, which begins next year. The bank duct foreign-exchange operations and smooth payments systems for the 11 is expected to start its operations in July. Analysts said the board members were nations joining the currency union. Its

European Currency Units (\$55.25 billion) of reserves gathered from national central banks. The six board members will meet every two weeks with the other members of the bank's governing council to set interest rates. Each member will have one vote on interest-rate decisions.

(Reuters, Bloomberg)

CAPITAL MARKETS ON MONDAY

How to Crash the Party After a Popular Mutual Fund Closes the Gates

By Mary Connors

NEW YORK --- Some U.S. mutualfund companies have an important message for new investors: Go away.

Since the start of this year, an astonishing number of funds — 18 have shut their doors to new investors. That is a record pace, according to Morningstar Inc., the financial publisher in Chicago. Among the latest to close are Lord Abbett Research Small-Cap, with \$677 million in assets; Janus Overseas, with \$4.2 billion, and Vanguard Primecap, \$10.2 billion.

If the stock market stays strong, more funds are likely to follow suit, particularly among of high-performing small- and medium-capitalization stock funds that often have trouble putting large amounts of new cash to work. But would-be investors should take heart:

closed funds.

In past years, many closings were announced well in advance — a sort of last call for outside investors to plunk down their money before the fund rolled up the welcome mat. But fund companies have become less hospitable stiffe

INVESTING

the infamous experience in 1991 of the Janus Venture fund, which gaves prof. spective new investors three months' notice of the deadline. It was swamped with new money and suffered from the bloat for years.

By contrast, Vanguard announced the immediate closing of its Primecap fund after the close of business April 21, and it limits its current holders to a maximum additional investment of \$25,000 a year. Fund managers often turn off the in-

07/15/03 107,9481 6.0200 07/15/04 110.3388 6.1200 01/13/90 104.5513 6.7000 07/01/99 102.6777 6.2100 03/19/99 99.8900 3.7500 12/02/98 101.7157 6.7600 08/21/90 106.9800 7.8000 01/22/01 111.5438 8.0700

5.6700 5.8300

5% 08/14/98 100.7000 5% 08/14/98 100.7000 13.656 04/23/03 99.9023 6 11/12/03 105.7633 zero 07/04/27 19.1000 714 01/20/00 105.0000 5% 02/02/99 101.1583 8 05/02/02 111.9100 834 05/02/02 111.9100

- to protect returns for existing investors - but the announcements often cause new shareholders to rush in before the deadline.

'Everyone wants what they can't have," said Stephen Janachowski, a partner in Brouwer & Janachowski. an investment firm that specializes in placing client money in no-load mutual funds. "When a fund closes, there's definitely an allure."

How does the determined investor storm the ramparts of such a fund? There are several ways.

Friends and family may provide the easiest point of entry. For example, family members of any Janus fund shareholder are welcomed into any of the firm's funds, including the just-closed Janus Overseas, provided they have the same home address as the shareholder. Similar accommodation may be offered

122 France OAT SP zero 64/25/23 25.6900 5.5900 189 FranceOAT 5¼ 04/25/08 101.5500 5.1700 192 Cybervol FRN 3.614 07/06/02 91.3494 3.9500 212 France OAT 8½ 04/25/23 139.5200 6.0900 231 Allianz Fin 5 03/25/08 98.0139 5.1000

221 Exim Bk Japan 44% 10/01/03 116.1250 3.7700 235 Austrio 4½ 09/28/05 120.4250 3.7300 240 Fannie Mae 114 03/26/08 98.3474 1.7800

7¼ 04/18/06 109.6812 6.6100

zero 03/20/28 1.0803 16.3400

Finnish Markka

French Franc

Polish Zloty

Swedish Krona

85 World Bank

U.S. Dollar

There are often ways to slither into such vestment spigot for the best of reasons by other fund companies; investors can America Online, offering to pay above check the fund prospectus for details.

Fund companies do not advertise the fact, but it is simple for an investor to transfer shares of his or her stock to family members, or even to strangers. One- or two-page transfer-of-owner-ship forms, available from fund companies, are used most often to transfer shares within a family - from a parent to a child, for example, or, for married couples, to change from single to joint

ownership. For buyers, the main problem can be finding a shareholder who is willing to sell. That is where the Internet can help. 'On-line gets you out there fastest, said Daniel Wiener, editor of the Independent Adviser for Vanguard Investors. Prospective buyers can post a bulletin-board message at Web sites such as www.morningstar.net or on Sage

net asset value for a particular fund. Sellers can then use transfer-of-own-

ership forms to make the deal. The discount broker Jack White & Co. runs a service called Connect that matches buyers and sellers of mutualfund shares. The service was started in 1990 as a way to match buyers and sellers of load funds, allowing buyers to sidestep the sales charge.

While Connect is not widely known, it can also help you gain entry to a fund that is technically closed to new money. Buyers pay a \$200 fee that is split between the seller and the brokerage firm.

Another tactic is to hire a financial adviser. When most big funds close the door on new retail investors, they also do so on registered financial advisers, who manage accounts for their individual customers. But with some fund Online, available only to subscribers of companies, especially smaller ones,

there is often some leeway for an investor to wiggle in.

Skyline Asset Management of Chicago, for example, closed its Skyline Special Equities Portfolio to new investors last year. But advisers with an invest-ment of at least \$250,000 in the fund as of Jan. 30, 1997, are grandfathered in and may continue to place new clients in the fund, a small-cap value offering with \$561 million in assets.

"It's a courtesy to advisers who he lieved in us early and put significant assets with us," says Michele Brennan director of marketing. "They put a lot of time and effort into choosing funds, When one closes, it can cause a lot of problems for them.'

Of course, to pursue this option, investors must be willing to turn over them money to a professional manager. But you're in the market for professional advice anyway, this route makes sense

Most Active International Bonds

through the Euroclear system for the week end-ing May 1. Prices supplied by Telekurs. **Austrian Schilling**

104 Annington Fin zero 135 Annington Fin zero 135 Annington Fin zero 139 Anning Fin FRN 7.951 178 Britoin 7 195 Stotoil 7 201 E18 6 205 Thome Fin zero 219 Yorkshire Water 675 232 Aire Volley FRN 7.67 Zero 12/07/22 20.1250 6.7300 Zero 07/10/03 58.7734 10.7600 Zero 01/10/23 17.4250 7.2800 7.951 01/22/23 95.4139 8.3300 7 04/07/02 103.2500 6.7800 7 04/07/02 103.2500 6.7800 6 12/07/28 99.590 6.0200 Zero 07/10/03 71.5238 6.6600 6 6% 04/23/10 101.9641 6.7400 7 652 11/04/39 100.0000 7.6500 7 04/04/00 99.9375 7.0000 10 02/26/01 109.2500 91.500

12/16/99 102.2500 5.8700
12/15/04 110.1500 8.1700
12/15/04 110.4100 6.3400
11/16/24 116.9000 5.9500
11/15/07 110.1000 7.2700
12/15/09 101.3300 5.9200
10/01/29 100.6500 6.9500
10/01/29 100.6500 6.9500
10/01/29 94.3000 6.9500

96.3000 6.2300 102.6000 8.7700 99,3200 4,0300 95,7500 6,2700 97,9696 4,0900

5¼ 01/04/08 102.0782 5.1400
6 07/04/07 106.6900 5.6200
5% 01/04/28 102.0198 5.5100
6 01/04/28 102.0198 5.5100
6 01/04/07 106.4700 5.6400
5 11/12/02 101.3500 4.9300
6½ 07/04/27 112.6983 5.7700
8 01/21/02 111.26983 5.7700
8 09/20/01 111.7388 7.3800
4½ 05/17/02 780.0785 4.5900
6½ 05/12/05 111.2643 6.1800
4 02/17/00 99.6986 4.0100
6¼ 04/26/06 109.6844 5.7000
8 07/22/02 112.6350 7.1000 06/20/16 107.2113

07/05/06 106.3400 07/09/03 108.4684

Asia-Pacific

Monday

Expected Canberra: Cattle Council's annual

This Week meeting. Tuesday through Friday.

Singapore: Asia Business Forum

conference on fixed-income mar-

financial turmoil on the markets.

Tuesday and Wednesday.

kets, to gauge the effect of Asia's

Sydney: Balance of trade in goods

Earnings expected: Pudong Devel-

opment Holdings, Nanyang Holdings, Oriental Power Holdings.

Sydney: Retail trade and building

national Holdings, Shun Ho Re-

sources Holdings, City Telecom

Melbourne: Reserve Bank of Aus-

tralia to issue semiannual statement

Sydney: Labor-force data for April.

Tokyo: Balance of offshore ac-

Brisbane, Australia: Morgan &

Banks to issue job-index survey for

on monetary policy.

the May-July quarter

Earnings expected: Magnum Inter-

approvals for March.

The Week Ahead: World Economic Calendar, May 4-8

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business Ne

8 05/02/02 111,9100 7,1500
874 05/22/00 108,4500 8,0500
374 09/18/98 99,9200 3,5000
774 02/21/00 106,0613 7,3100
n Fm 3,656 10/20/00 99,9810 3,6600
bills zero 07/17/98 99,3050 3,2700
674 08/20/98 100,8600 6,6900
574 08/20/98 100,6500 5,7200
574 08/20/98 100,6500 5,7200
574 09/20/8 100,6500 5,7200
674 05/20/99 100,3300 6,1000
674 05/20/99 102,2100 5,9900 **Dutch Guilder** 7½ 04/15/10 120_5500 6.2200
5¼ 07/15/08 101.1850 5.1900
7½ 01/15/23 126.3500 5.9400
5¾ 09/15/02 104.3300 5.9400
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London: Bank of England's Mon-Atlanta: National Cable Television Association's "Cable '98." Through etary Policy Committee to set its benchmark interest rate. Wednes Wednesday.

Boca Raton, Florida: Annual meeting of Bankers' Association for Foreign Trade. Through Wednesday. Lima: Third International Gold Symposium. Tuesday through Friday.

Copenhagen: Foreign-currency reserves for April. Prague: Statistical Office to issue short-term prognosis for basic macroeconomic indicators.
Rome: Retail sales for February.

Vienna: Seminar on role of national

banks after the establishment of the

European Central Bank. Thursday

Mexico City: Foreign reserves lev-Ottawa: Building permits for March. Earnings expected: Nationwide Financial Services, Provident.

Detroit: Ford and General Motors

Ottawa: Help wanted Index for

Washington: Factory orders data

Earnings expected: Aetna, Amer-

ica Online, Seagram, Allied Capital.

Madrid: Industrial price data for Vienna: Unemployment data. Earnings expected: Landeszentralbank, Bayerische Landesbank Girozentrale, British Petroleum,

to issue automobile sales data for Washington: Leading economic indicators for March. Earnings expected: Cendant, W.R. Nordbanken Holding.

for March.

Weilington: Employment growth Copenhagen: Current-account and and unemployment rate for first trade balance data for February Madrid: National Statistics Institute Wellington: KPMG to issue annual to issue employment survey for first survey of performance of financial institutions.

Earnings expected: Krupp AG Hoesch-Krupp, J. Sainsbury.

Bonn: Industrial output data for and unemployment rate for March. Vienna: Wholesale prices data. Earnings expected: Royal Dutch/Shell

Bern: Unemployment data for April.

Chicago: Chairman Alan Greenspan of the Federal Reserve Board to address Federal Reserve Bank of Chicago's Conference on Bank Structure and Competition. Washington: Preliminary estimate of first-quarter productivity.

Mexico City: Consumer and pro-

Bonn: Manufacturing orders for ducer price data for April; revised trade balance for March. Nuremberg: Unemployment data Ottawa: Employment and housing for April. starts for April. Stockholm: SAS to issue passen-Washington: Employment data for ger traffic data for April.

Data Fail to Sway Interest-Rate Views qual rate, and with demand surging like

By Carl Gewirtz onal Herald Tribune

PARIS - Bond and equity markets as well as the international capital market recovered from their losses last week as fears of an imminent increase

in U.S. interest rates faded. But the latest economic data, while they reassured traders, left analysts unmoved in their expectations of Federal Reserve Board action or inaction on interest rates this year.

The data showed that the U.S. gross domestic product grew at an annual rate of 4.2 percent in the first quarter, substantially faster than most analysts had expected. Net exports, however, fell nearly \$41 billion, the largest quarterly decline ever recorded; inventories increased substantially, and inflation as measured by the GDP deflator was at 0.9 percent, the lowest year-over-year gain since 1964. In addition, the employment cost index rose a modest 0.7 percent in the first quarter.

The report and its potential implication for U.S. interest rates helped the yield on the 30-year U.S. Treasury bond to end the week at 5.93 percent, down

from 5.95 percent the previous week. But, after studying the figures, most analysts remained the same bulls or bears as they were before the report.

"GDP and consumption were strong," said John Llewellyn at Leh-man Brothers in London and a longstanding optimist on U.S. economic performance. "But exports were easng, consistent with the view that the Asia effect is coming; and inventories were built up substantially, which is consistent with the view that growth is

starting to slow.' He noted that inflation was below market expectations and indicated that the U.S. economy was still on track for a slowdown and was likely to see one

before inflation picked up. "It's all very encouraging and suggests that we are not going to see a Fed rate hike," Mr. Llewellyn said. The coming slowdown, in fact, will

prompt the Fed to lower interest rates toward the end of the year, Mr. Llewellyn said. But Stephen Roach, an economist at

Morgan Stanley Dean Witter & Co. in New York and a longtime worrier that inflation is about to rise sharply, concluded, "The data show the economy is far too hot to keep inflation under

He added: "Even with an Asianrelated hit on net exports knocking 1.7 percentage points off growth, GDP was still up 4.2 percent. Domestic demand was growing almost at a 6 percent anthat, there's every reason in the world for business to build up inventories."

He said second-quarter growth would be somewhat slower, "but not enough to take the heat off the inflation risks that the Fed must contend with." Mr. Roach predicted the Fed would

begin to tighten policy and raise in-terest rates as early as July. Meanwhile, the dollar, which had followed the asset markets in declining, was unable to keep up with last

week's turnabout. The U.S. currency ended the week at 1.7833 Deutsche marks after trading at as low as 1.7730 DM - its weakest level since January — on expectations that higher short-term German interests

rates would eat into the dollar's current advantage before year-end. At the start of next year, the mark will begin to be replaced by the euro, and it is widely assumed - although by no means certain — that the base?

interest rate for the 11-nation euro area will need to be higher than the currentlowest rates in Germany. At Morgan Stanley, however, the a possibility of a German rate increase is overshadowed by what the Fed is ex-. pected to do, and the dollar is forecast

to climb to 2 DM by autumn and stay at;

1.85 DM at year-end.

New International Bond Issues

Floating Rate Notes Fees range from 0.15% to 0.30%. (Lehman B Finance For Danish Westpac Banking Ford Credit Canada Fixed-Coupons Reaffered at 99.94, Nancallable, Fees 1 W/6, (Commerchank.) Banco ABN-Amro Enterprise Oil Noncollable, Fees 0.625%, (Lehman Brothers,) Enterprise Oil Noncollable, Fees 0.875%, (Lehman Brothers.) ered at 101.805. Noncallable. Increases total Issue amount to \$1.75 billion. Fees 0.375%. Kazkommerts International collable. Fees 1 44%. (Dresdner Klei TCI Communications Toyota Motor Credit Corp. Credit Suisse First Boston rble in 2002 at 104.3125. Fees not disclosed. (BT Alex Brown.) KFW Inti le. Fees 0.45%, (Barclays Bank.) Noncaliable, Fees 0.25%. (ABN-Amro Pacific Life Funding FF2.000 Pinautt Printemps Redoute = ITL300,000 2003 General Moters Acceptance European Morgage Securities Nancatiobie, Fees 0.325%. (ABN-Amro.) Reoffered at 99.887. Noncollable, Fees 1 %%. (ING Barings.)

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BUSINESS/FINANCE

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PAGE 13

Bank of Japan Director Found Dead of Hanging

Chief of Internal Inquiry Was 'Exhausted'

By Sandra Sugawara
Washington Post Service

TOKYO -- A top civil servant who investigated corruption at Japan's central bank has been found hanged, the latest in a series of apparent suicides that have rocked the country since prosecutors began investigations of the cozy relationships between gov-

ernment and business here.
"I'm exhausted," read a note left by Takayuki Kamoshida, 58, chief director at the Bank of Japan. "I've reached my limit." Mr. Kamoshida led an internal investigation that resulted last month in disciplinary action against 98 employees of the central bank for accepting meals and enter-tainment from financial institutions. His body was found Saturday.

The investigation was opened after a Bank of Japan official was arrested for allegedly accepting bribes from financial institutions. The allegations led to the resignation of the central bank governor, Yasuo Matsushita, March 17.

Mr. Kamoshida was not linked to the scandal, but he received criticism both from outsiders who felt that bank

employees who were involved should have been disciplined more harshly and from those within the bank who considered the inquiry to be unfair.

Masaru Hayami, current governor of the central bank, said Sunday that he was stunned by the death of Mr. Kamoshida, whom he called "one of the most valued persons at the bank." He rejected speculation that Mr. Kamoshida might have uncovered

more corruption. *Mr. Karnoshida bore heavy responsibilities and did an excellent job," Mr. Hayami said. "We can easily imagine he was exhausted, but it's hard to guess

what was really on his mind."

Mr. Kamoshida joined the central bank in 1963, Bloomberg News reported, eventually becoming head of its international department, a post he held for three years before becoming an executive director in 1995.

He was one of the bank's six executive directors, who rank just below the governor and two deputy governors. He was in charge of internal management, and in recent weeks was preoccupied with parliamentary questioning about the bribery scandal.



Mr. Kamoshida announcing disciplinary action at the bank last month.

Malaysia Says It Knows **Best for Its Economy**

Einance Minister Criticizes IMF's Rate Advice

KUALA LUMPUR — Finance Minister Anwar Ibrahim said Sunday he was "comfortable" with the country's interest-rate levels and criticized an International Monetary Fund report last week that urged that credit be kept tight for some time.

'My view is we are comfortable at this stage," Mr. Anwar said, but he added that Malaysia had to keep the option to do what would best ensure stable macroeconomic conditions."

Mr. Anwar, who is also deputy prime minister, said Malaysia had "generally" employed a tight monetary

"I am certainly quite satisfied that we are able to manage the interest-rates policy according to the needs," he

In its annual review of the country's economy, the IMF said Malaysia should keep interest rates high to support its currency, redouble its efforts to improve accounting standards and implement

moves to improve its banking system. "IMF shouldn't dictate to us," Mr. Anwar said. "Not all of their prescriptions can be considered right all of the

The Fund last week noted that Malaysia's economy came under considerable strain in the second half of 1997 as growth slowed, markets turned volatile and capital inflows declined.

Malaysia's three-month interbank interest rate is now 11.1 percent to 11.5 percent, compared with 7.5 percent last July when the regional financial crisis broke out.

"Why would you expect the international agency to agree with us 100 percent?" he said. "It doesn't mean that the 10 percent they disagree with us is

necessarily right."

But Mr. Anwar added that Malaysia had benefited from its consultations with the IMF, which is privy to data from neighboring countries, and said. We will continue to consult them."

Separately, Malaysia's securities regulator ordered Omega Securities Sdn. to cease trading as of Monday until the brokerage raised its capital to meet in-

dustry requirements. The order comes as Malaysia - under pressure from investors to rein in companies and securities businesses steps up scrutiny of its approximately 60 stockbrokerages, some of whose customers suffered big losses in last year's

plunge in regional bourses. Omega is one of a dozen brokerages placed under trading restrictions because of capital problems. The securities regulator has asked at least four brokerages to show why their licenses should not be revoked.

The Kuala Lumpur Stock Exchange imposed trading restrictions on Omega, a unit of Omega Holdings Bhd., in February. It was then given until last Wednesday to merge with another company. No merger has been announced.

(AFP, Bloomberg)

Paris and EU Near Agreement on Credit Lyonnais

BRUSSELS — The European Commission and France are close to an agreement on conditions for new rescue measures for the state-owned bank Credit Lyonnais SA, sources close to the commission say. "We are not far from an agreement," a source said

Sources also confirmed that an agreement had been reached on the bank's sale of assets and that the commission had agreed that the bank would be privatized next year as planned by the French government. Karel Van Miert, the European Union's competition

commissioner, said Saturday that he was "available at any moment" to hear new plans from France on privatizing the bank but warned that he might reject the

"There is not much time left," Mr. Van Miert said on Europe 1 radio. "We are still open, but the solution must be solid, and we must be able to defend it against those who complain and the competition."

He spoke after meeting Finance Minister Dominique Strauss-Kahn of France on Friday in Brussels. French banks have complained to European authorities that state aid for Credit Lyonnais gave it an unfair

advantage, and he said banks might also complain if the bank was perceived to be still leaning on state funds. Mr. Van Miert, who is said to be augry at the failure by Paris to do what it promised to do in return for his

approval of multibillion-dollar rescues of the bank since 1994, is threatening to block further aid to Lyonnais. The dispute intensified recently after officials said a veto of state aid "could force the bank into bankruptcy." France has agreed to privatize the bank, which ran up more than 20 billion francs (\$3.35 billion) in losses between 1992 and 1994. But it has not yet agreed on a way to sell the bank that fits EU rules on state aid.

Greenspan Underscores **Need to Monitor Banks**

Big Mergers Create Dangers, Fed Chief Says

NASHVILLE, Tennessee - U.S. banks must be allowed to choose between state and federal government supervision to encourage innovation and avoid excessive regulation, Alan Greenspan, the Federal Reserve Board chairman, said over the weekend.

But Mr. Greenspan said the recent flurry of bank mergers in the United States had heightened his objections to allowing banks to shift operations away from holding companies that are subject

to the Fed's supervision. 'This is a terribly crucial issue,'' Mr. Greenspan, speaking via satellite from Washington, told a bankers' group meeting in Nashville Saturday, "especially now that we are looking at apparently an increased size in merged banking institutions, because a very large bank requires a very subtle handling in the event of a crisis. A very,

very large bank requires even more. Banks now can operate in the United States under charters from either the federal or state governments. That has produced beneficial competition among banks and regulators, Mr. Greenspan said.

But banks also want to stretch beyond traditional borders. Several recent highprofile mergers are aimed at expanding services into the insurance and other fmancial-services industries.

Draft legislation would allow banks to sell insurance and securities, among other sweeping changes. Mr. Greenspan called on regulators and lawmakers to proceed with caution.

Mr. Greenspan and the Fed favor requiring bank holding companies to create separate affiliates for nonbanking activities - such as selling securities or insurance underwriting — to lessen the risk that federally insured bank deposits could be used to finance such activ-

His concern is that the bank would be too closely linked to the affiliate, which could draw on the bank's capital and have better access to its payment system without the Fed's supervision.

This would effectively create the disappearance of the bank holding company structure which is so critical to the Fed, and indeed any central bank, in endeavoring to maintain oversight of potential systemic problems," Mr. Greenspan said. "We are very con-cerned that those increased functions not be financed at taxpayer expense.

Mr. Greenspan praised state-chartered banks for withstanding federal pressure to tax or regulate them out of existence. He cited past state bank innovations from checking accounts to adjustable rate mortgages as evidence state banks have the capacity to survive competition. (Bloomberg, Reuters, AP)

VW Won't Give Up on Rolls-Royce Without a Fight

FRANKFURT — Volkswagen AG is basically does not rule the possibility of infent on presenting Vickers PLC with an improved bid for Rolls-Royce Motor said. Cars Ltd. even though Vickers agreed last week to sell the luxury carmaker to Bayerische Motoren Werke AG.

VW is sticking to its plans to

present an attractive and competitive offer." a Volkswagen spokesman said Saturday. "This is possible now that the exclusive talks between Vickers and

He declined to comment on published reports that Volkswagen was offering up to £500 million (\$833 million) for Rolls. BMW agreed to pay £340 million Tor the British automake

The chairman of Vickers, Colin Chandler, told shareholders last week that if another offer emerged the defense company would look at it in terms of shareholder value.

Separately, Porsche AG said it was in talks with VW on joint production of a sport-utility vehicle. Porsche would not comment on the progress of the talks, but industry sources said they were unlikely to break down.

'The talks are still going on, and that

A German newspaper reported that the companies had agreed to build different versions of the vehicle jointly and that their boards would meet in the first week of June to approve the project.

The Frankfurter Allgemeine said Porsche's similar talks with Chrysler Corp. and Matra Hachette SA of France had failed to result in a deal.

VW and Porsche, it said, will decide in the autumn at the earliest where to build the vehicle, which will reach the market no earlier than antumn 2001.

Analysts estimate that VW could sell 80,000 of the vehicles a year, the newspaper said, while Porsche could sell 20,000 of its version. The U.S. market for sport-utility vehicles alone has grown to 2.4 million units from 400,000 since 1990, it said.

The Porsche model is to be priced at about 120,000 Deutsche marks (\$67,000), which would increase the carmaker's annual revenue by half, the



A U.S. driver polishing her version of a VW-Rolls combination 26 years ago.

CYBERSCAPE

Keys to a Wise PC Purchase: A Good Warranty and Service Arrangements

By Michael J. Himowitz The Baltimore Sun

If you buy a personal com--puter today, there's a good chance that something will go wrong with it over the next ranty before you buy. A good

tually everyone, but about minor inconvenience. A bad You can always pay more for Teal problems: a bad disk warranty, with slipshod ser-

wire or something else that goes thunk in the night.

That is why it is a good idea to pay attention to a PC's warwarranty, backed by a good

On the surface, most warbuy your machine from a retailer, it will probably have a one-year parts and labor guar-antee. Mail-order retailers

But before you buy, find out who will service the computer, and under what terms. The overriding principle is ganization that will get your computer fixed as quickly as possible, with the least inconvenience to vou.

Many buyers assume that a store with a service department will handle warranty repairs on the computers it sells.

with your computer, chances are good that you will wind up working your way through

Under the best of circumstances, this can be time-con-repair centers. Instead, PC suming and frustrating. If makers frequently contract your computer is dead on arrival, try to avoid getting involved with service departments altogether. If you bought your PC from a re-

That is why it is important to ranties look the same. If you investigate service arrangements ahead of time.

expected to do when you have a problem. You will probably I am not talking about sysI am not talking about sysTem crashes, which affect vira hardware failure into a on parts and a year on labor. have to call the manufacturer and talk to a technician. Ask same brand of computer about their experiences. Did they spend days getting busy als and then hours more on hold? Were the technithat time is important, so look cians they talked to know-for a warranty and service or-ledgeable? Check back issues of computer magazines that conduct annual repair surveys. One of the best is available on-line from PC World (www.pcworld.com), which

> Once your problem has But that is not always the case
>
> — increasingly, it is the exception to the rule.
>
> If something goes wrong
>
> been diagnosed, how does it get fixed? Many manufacturers advertise "on-site" service, which means somebody comes to your home or office to repair the machine. This sounds good, but it often means that the manufacturer does not want to support a network of local, authorized out their repairs to national or local service companies, who in turn often subcontract them

tailer, take it back and ask for get someone to repair the Some manufacturers, par-

drive, faulty memory, a video vice, can turn it into a night-bought it through the mail, companies, will try to ship you may not have a choice. you a part and set you to you a part and get you to install it. If the problem is obvious and you are comfort- an office PC, it is often an nents ahead of time.

Able making the repair, this inconvenience for a home may be the most convenient computer. Can you afford to expected to do when you have way to handle it. But if you take half a day off to wait for a have never opened a PC before, you should not be expected to do the technician's

service is what you really need. While it may be fine for repairman? Find out whether on weekends. Otherwise, you turer. might want to look for a man-

Also, find out if the service organization is stocked with parts for your computer. If not, you may have to wait a couple of days for a part to service is available at night or arrive from the manufac-

If your problem cannot be

Also ask yourself if on-site ufacturer who handles service diagnosed over the phone, a ervice is what you really through a retailer or local ser-technician may have to make two visits - one to figure out what is wrong and another to make the repair when the part is in hand.

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rates 10 top manufacturers on reliability and service.

to free-lance technicians. Even then, it may be hard to

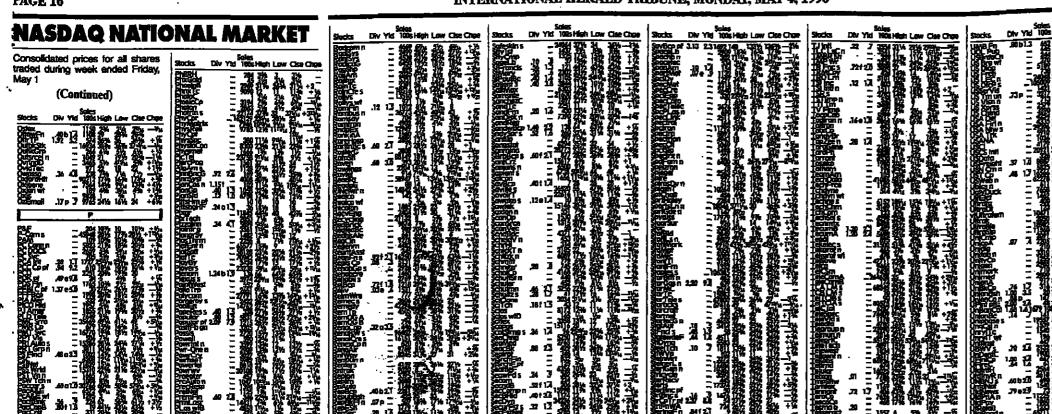
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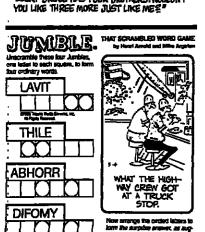


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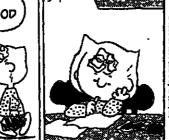
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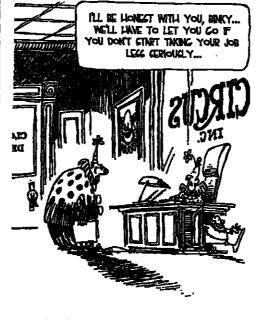
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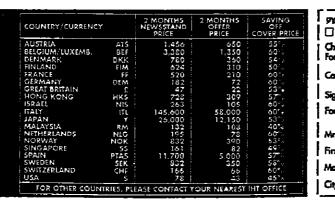






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By 1998, it will be worth as 80 percent. more than \$1 trillion in

cluded successfully. in an unprecedented deal, tional operator monopolies, 769 countries promised to shunning competitors, beopen up progressively their cause of their value as cash telecoms markets to foreign cows. Many governments investment and competition were nervous about ceding fand agreed to abide by a control of such a strategic common set of rules to en- industry through privatizasure fair play. The agreement tion, and deregulation is ofcame into play on Feb. 5.

on basic telecoms were con-

Cheaper phone calls

Telecommunications is resentative, said it was "one already one of the world's largest industries, despite the fact that half tury" and claimed that it the world's population lacks could reduce the cost of ineasy access to a telephone. ternational calls by as much

The telecoms deal was worldwide service revenues hailed as a major breakand equipment sales. Its ar- through because the counrival at the top table of global tries involved account for industries was confirmed in about 92 percent of global February 1997, when the telecoms revenues. It covers ♣World Trude Organization all basic telecoms services, successor to GATT, the including voice, data, fax, "General Agreement on Tar- and radio and satellite-based iffs and Trade) negotiations services.

> have clung to their internaten a political hot potato. Civil service employees usu-

The 72 economies that have made commitments in the multilateral **World Trade Organization Negotiations** telecom revenues on Basic Telecommunications Services US\$ 630 billion accounted for 92 percent of the world market in 1996. on-participating 5.77 billion participating 55 Main lines 744 million

There are convincing reasons for liberalizing telecoms. kets. ally object to being turned An ITU report on trade in It is hard to overstate the sig- into private sector workers telecommunications last year mificance of the pact, which is with fewer rights, and the noted that in emerging mar-When it was agreed in prin- productivity and lower costs. 1995 where competition was then acting U.S. trade rep- tries local calls are subsidized 5.2 percent per year where different stages.

was found in developed mar-

agreement will depend on its implementation. It is, ineva component of the General opening up of competition kets, international traffic per itably, a complex deal with Agreement on Trade in Ser-invariably leads to job losses subscriber grew by 11.7 per-many parties involved, each vices (GATS) of the WTO. as telcos strive to increase cent per year from 1990 to of whose economies, telecoms infrastructures and libciple, Charlene Barshefsky, In addition, in some coun- allowed, compared with just eralization processes are at Stephen Young, principal

consultant with Londonbased consultancy Ovum, says, "It's like peeling an onion; there are many different layers, which, in varying combinations, apply to different countries or blocs of countries.

More than 40 countries work document for regulat- late as 2010. Naturally, over ing the dominant carrier in such a long time span, much

the established network at be carried out?

be instated vary, too.

established network, at least sion of the WTO, explains, "If a country wishes to at the beginning. The paper also contained many broader change its commitments principles, such as removing which for many countries go barriers to entry for new carback to GATT - then they have to notify the WTO and Time scales for implemen- give all the other parties the tation as well as the degree opportunity to renegotiate and scope of competition to with them individually, and that could well involve all Many of the countries in- sorts of other areas of trade,

volved had already commit- not just telecoms." ted to opening up their mar-A number of countries that kets; for example, most participated in the GATT made reference to or in- United States started dereg- 1997. Since then, Cyprus, cluded in their commitments ulation in the early 1980s. Barbados and Suriname have ulatory Principles, a frame- to open up their markets as terms of the agreement,

Continued on page 21

TAKING ACCOUNT OF THE REVOLUTION

In the following article by Pekka Tarjanne, secretary-general of the International Telecommunication Union, be explains why a reform of the system for sharing the costs of international calls is necessary, and why particular attention must be paid to the needs of developing countries.

munication Policy calls. ✓ ★ Forum in March, the members of the ITU over- however, the situation began whelmingly endorsed efforts to change. Markets in some to overhaul the long-estab-countries started to deregulished international account- late, public telecommunicaing rate system and paved the tions carriers began to be way for the development of privatized and the balance of new means of settling international telecommunications became highly unbalanced traffic that are more suited to because of factors such as the fast-changing telecom- callback services and highly munications environment.

حكذا من الملاحل

Technological change, most recently the develop- United States. ment of new technologies that bypass the public switched telephone network, place in the global telecomsuch as Internet telephony, is having a great impact on the the International Telecomway today's telecommunica- munication Union began to tions services are delivered.

Old way no longer viable This, along with factors such as the advent of callback and ets. nondiscriminatory prices. Lee Tuthill, a counselor at tices, the dramatic fall in the on a set of guidelines that But the true impact of the All new carriers rely on the the Trade in Services Divicost of international capacity would replace the old structices, the dramatic fall in the on a set of guidelines that and the liberalization of the world's telecoms markets, is exerting enormous pressure New strategy needed on the old way of sharing the It was for this reason, comcost of an international call between the originating telecommunications operator last year's World Trade Orand the operator in the for- ganization agreement on

which monopoly providers communication generally agreed bilaterally Forum in Geneva in March on a price for handling one At this event, which attracted members of the European rounds and even the WTO another's calls and split the more than 700 delegates Union opened up their mar- talks, for a variety of reasons, cost down the middle, the from almost 120 nations; kets completely to compe- were not able to commit system worked relatively consensus was reached, if not tition on Jan. 1, while the themselves in February well. In many cases, there on a new system that would was not even any need for be better adapted to the significant amounts of evolving telecommunical the Reference Paper on Reg- Some Asian countries agreed committed themselves to the money to change hands, tions environment, then at since traffic between the two least on the urgency of forcountries was balanced, with

each receiving and sending

t its World Telecom- about the same number of

During the traffic along certain routes competitive pricing by some operators, particularly in the

Recognizing that fundamental changes were taking munications environment. address the need for a move toward cost-oriented accounting rates. Until recently, however, progress toward actually agreeing on the other alternative calling prac-structure of a new system, or ture, had been slow.

bined with the expected wide-ranging implications of eign country that terminates trade in basic telecommunications, that the ITU con-Under the old regime, in vened its second World Tele-

Continued on page 18

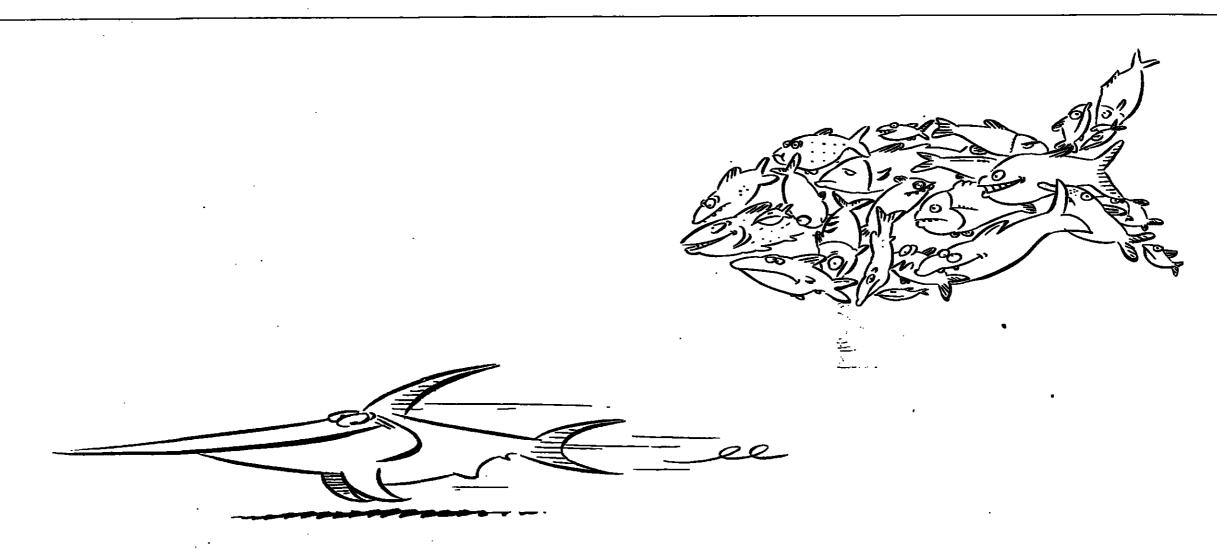
In the past, most countries there was a monopoly. The each country, obliging them can happen. What will guarby more expensive long-distance calls. same effect, to a lesser extent, to give new entrants access to antee that the agreement will

"TRADE IN TELECOMMUNICATIONS"

is a joint initiative of the International Telecommunication Union and the International Herald Tribune. It was produced in its entirety by the Advertising Department of the International Herald Tribune. Look for "Fade in Telecommunications" on the IHT Web site at www.iht.com/IHT/SUP/. The Web version hotlinks key words to other relevant Web sites. WRITERS: Claudia Flisi in the South of France; Pamela Ann Smith. Richard Synge and Annie Turner in London: Terry Swartzberg in Munich. PROGRAM DIRECTOR: Bill Mahder. ILLUSTRATIONS: Karen A. Sheckler-Wilson.

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TRADE IN TELECOMMUNICATIONS

Subsequently, a set of 30 recommendations called ITU 2000 was developed be-

tution will be considered for adoption by the

The current reforms deal with the rights and obligations of ITU members. Building a

consensus from a highly diverse member-

The pace of this reorganization has itself

Small companies are encouraged to be part

bership fees and changes in rules that fa-

"I may have been the first person in any

United-Nations-affiliated organization to

standardization.

tend to move faster.

says Mr. MacLean.

THE ITU MOVES TO TRIM DOWN, SPEED UP AND WORK CLOSELY WITH PRIVATE SECTOR

Reforms aim to take account of changes in the industry and in its membership.

The winds of change are whistling reorganization in 1992, for the first time in 50 around the Geneva headquarters of the years. "We wanted to involve the private International Telecommunication Un-sector and make the decision-making process ion (ITU), which has served the world's more responsive," says Mr. MacLean. telecommunications industry since its found-

Today's telecom environment is no longer tween 1994 and 1997. Recommendations a cozy ctub of government-owned operators, requiring amendments to the ITU constias it was a century ago: Current membership includes 188 member states and about 500 ITU's upcoming Plenipotentiary Confernongovernmental members, the overwhelm- ence, to be held in Minneapolis from Oct. 12 ing majority of whom are manufacturers and to Nov. 6. operators from the private sector.

Changing role of governments

The private-sector members are pushing for changes at the ITU. In the last 15 years, more sector from markets with different levels of than 80 of the ITU's government members have privatized their telecommunications operations. As governments' role has gravitated from operator to regulator, the organization has been wrestling with changes appropriate to this new and rapidly evolving

Contrary to popular misperception, private sector interests have always been present at the ITU. Since 1871, they have played a role in the organization's three principal areas of activity — the creation of global telecoms standards, the assignment of frequencies for radio (as part of national delegations) and, more recently, the funding and fleshing out of telecoms infrastructure for developing coun-

What the private sector does not have are the voting rights of full members. Don MacLean, chief of strategic planning and external affairs for the ITU, explains, "Because we are an intergovernmental organization, only governments have been full that make sense for its activities, instead of members with full voting privileges."

A voice, not necessarily a vote

In his opinion, however, the private sector probabily doesn't want these voting privileges per se. "They don't necessarily want to cilitate their participation. spend their time in plenipotentiary ses-

What the private sector wants is speed, move faster," he says. flexibility and a say in the approval process, he maintains.

The faster technology moves, the slower the pace of a 133-year-old structure must

In recognition of the situation, the ITU take on such a role," he says. undertook a major structural and operational

The Big Players

Top 10 international carriers by international service revenue, 1996 in billion US\$

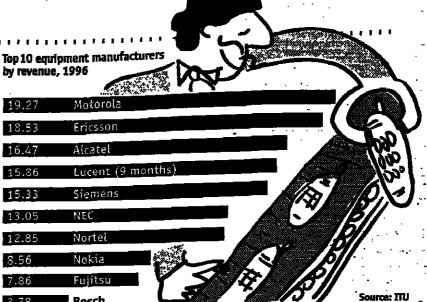
Deutsche Telecom

2.97 2.82 France Telecom 2,23 Hongkong Telecom

188 Telmex 1.67 DGT (China)

1.64 Telecom Italia





COMPETITIVE PRESSURES FEED GLOBAL AMBITIONS

Cross-border investments and partnerships are multiplying as new entrants take on the leaders in established markets. development and competition, does not hap-

¬he liberalization of been a cause of frustration for some re-Speeding up standardization approval But progress is being made. The ITU is developing fast-track alternatives to tradi-United States, Europe and Jational study groups to speed up the process of ITU 2000 recommended introducing a distinction between standardization approval by full-membership ballot and approval (C&W) of the United Kingwithin study groups, not requiring a full It is emphasizing cooperation with re-gional groups like the European Telecomincrease their competitiveness and to preserve their private networks. munications Standards Institute and industry forums, which are closer to their markets and revenues against the threat of new entrants in their own

Claudia Flisi our own infrastructure."

"Each ITU section should find solutions home markets. BT's strategy is "to compete in the major world martets of Western Europe, the United States and Asia-Pa- services and paging. The cific," says Alfred Mockett, agreement will enable CWI of the process, with the lowering of mem- cific," says Alfred Mockett, president and CEO of its inlitate their participation. ternational arm, BT Global. Iular and paging services Mr. MacLean is optimistic about the ITU's Joint ventures are being with USCI's central billing ability to adapt. "Everyone wants to see us formed in Europe and the and uniform rate platform," United States, where BT's says CEO Rich Yalen. He himself embodies the changes that are Concert Communications happening in Geneva. He was hired in 1992 Services are widely used by stra Corp. is looking to attract move forward with new in-to take responsibility for strategic planning. multinational corporations. business from European vestment opportunities in Other U.S. cor to take responsibility for strategic planning. multinational corporations. "We have applied for a Type I license in Japan, which will enable us to build and operate

sure on operators in the domestic and international voice, data, messaging and pan to expand abroad. Internet services to U.S. busi-Companies that are leading ness customers. Its Global established markets, such as enables small and mediummultinationals, to link their dom, Telefónica de España sites around the world withand Japan's NTT are forging out the fixed costs and mannew cross-border alliances to agement complexity involved in setting up their own

> Under a joint marketing arrangement agreed last October with Ameritel, a subsidiary of USCI Inc., CWI is offering its customers wireless products such as cellular "to offer our customers cel-

The Australian carrier Tel-

Continued from page 17

mulating a strategy. The result was

1999. These arrangements will take into

account the special concerns of de-

veloping nations, many of which are

fearful of losing a vital source of hard

currency through the loss of income

from international telecoms settle-

Exactly what form the transitional sys-

tem might take is not yet clear. A range

of options is on the table, including a

termination charge system, in which a

single charge on any given origin/destination relation is applied by a carrier for terminating a call; a simple sender-

keeps-all system, which allows the ori-

ginating carrier to retain the entire

system of different rates for different

higher charges some operators are

forced to incur in delivering interna-

Certainly, many operators in the de-veloping world have legitimate fears

about the current upheaval in inter-

nations, especially those lacking a con-

vertible currency and having a poor

level of international trade and low per

capita income, will find it hard to keep up their network maintenance and ex-

pansion programs if their supply of hard

Range of options

telecoms markets has U.S. subsidiary, Cable and stra would offer advanced In-placed increased pres- Wireless Inc. (CWI), offers ternet, intranet and other global data-communications services to European-based multinationals via Infonet's network. Infonet's global BT and Cable & Wireless sized businesses, as well as with local support in 57 regions account for 70 perin 39 countries.

Telefónica announced in the process of merging the Americas. This follows

Latin America. "We have chosen the best

agreement, under Opinion C, that the pressure on network capacity. In an ITU develop transitional arrangements attempt to meet this new demand, op-

by the end of the year that could be erators will be required to import more brought into effect as early as January telecoms equipment, but the added rev-

charge for the call; and a more complex over telecommunications networks

classes of operator, in recognition of the high capacity fiber optic cables, the

national accounting rates. Developing erators to surrender the generous profit

TAKING ACCOUNT OF THE REVOLUTION

go down, demand for services is ex-

pected to be stimulated, thus exerting

enue, in local nonconvertible currency,

acerbated or may result in worsening the already difficult debt burden. Also,

tariff rebalancing will put pressure on

such operators to increase local call

charges, which may have the added negative effect of further isolating the

local population from easy, affordable

settled on, the move toward cost-ori-

ented accounting rates would seem to

be generally good for the consumer.

With the cost of international capacity

continuing to fall, thanks especially to

price of international calls should also

drop dramatically, to eventually become more in line with the cost of an

Certainly, we cannot expect the

world's large telecommunications op-

margins they currently reap on inter-national telephony without some re-

sistance. Many carriers routinely charge

ordinary domestic call.

access to telecommunications.

The current trend toward increasing trade deficits in telecoms equipment in developing countries is likely to be ex-

will be of little help.

"The partnering of World-

Com, Telefonica and MCI more than 180 countries, chairman of MCI. "The two corporate-customer base. countries and infrastructure cent of the global telecom-March that it was forming a petition," he adds. "Togethservice providers that are in facilities and build new netenter new telecommunica- growth of communications tions markets in Europe and services around the world."

Telefónica Internacional the agreement that Telefon- already holds substantial ica reached with MCI a year shareholdings in telecommuago to set up joint ventures in nications companies in Arpartners to help broaden our Romania. The parent com- nadian carrier, Teleglobe, to

region. It announced a deal principle focus during that AT&T has encountered a Type 1 carrier in Japan. with Infonet Services Corp. 1998," says Telefónica in forming alliances with Pamela Ann Smit

suddenly dries up. As the price of calls new technologies like Internet tele-

Whatever new method is finally As always, the ITU will work to ensure

C&W's Virginia-based in March through which Tel- Chairman and CEO Juan Vil- partners such as Telecom Italia. Qwest Communications announced this month that it was buying EUnet,represents a new era of com- Europe's first and largest munications competition in commercial Internet service both Europe and the Amer- provider. The move will give players in the world's most Intelligent Virtual Network network is accessible from icas," says Bert Roberts, Jr., Qwest access to a profitable

Japan's NTT has responded to the prospect of libermunications market and are alization in its home market. increasingly open for com- by expanding into the United States. This month it anpartnership with two big U.S. er, we will utilize existing nounced it was buying a \$100 million stake in Verio, a works in emerging markets Colorado-based Internet ser-WorldCom and MCI - to to support the explosive vice provider. The investment could give the Japanese giant as much as a 12.5 percent share of Verio when it goes public later this year.

Earlier this year, another Japanese company, DDI. Peru. Corp., signed a memorandum Venezuela, Puerto Rico and of understanding with the Careach in Europe, consolidate pany this month launched a set up joint domestic and inour market leadership in the global rights issue aimed at ternational services begin-Spanish-speaking world and raising funds to finance the ning next October. The agreement gives Teleglobe access Other U.S. companies are to DDI's 15 million custommultinational companies that Latin America, particularly also moving into Europe, de- ers for long-distance services are active in the Asia-Pacific in Brazil, which will be our spite the reported problems and places it in line to become

phony, which can deliver voice calls at a

very low cost virtually independent of

distance, combined with the surge of new operators moving into liberalized

markets around the world, mean that it

will not be long before the old regime:

will be forced to bring international

tariffs into line with real costs or risk

being squeezed out of the market al-

mandates "the establishment of rates at

levels as low as possible consistent with

the operation of an efficient service,"

the shake-up in the international ac-

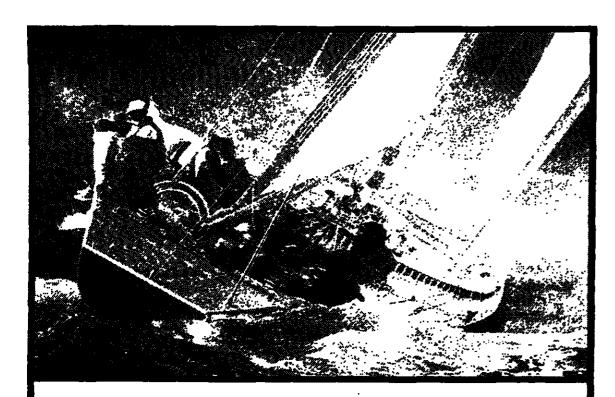
counting rate system can only be pos-

a fair transition, particularly for de-

Fair deal for developing countries

For the ITU, which has as one of its

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veloping countries, which will almost certainly be harder hit by tariff rebalancing. For them, special consideration is vital if we are not to end up further. isolating populations who are already being forced to survive on very meager telecommunications resources. But in the long term, and if all interests are kept in mind, it should be the consumer. including those in the developing world, who will benefit.

Cheaper international calls will mean an increase and expansion of business activity and opportunity, and improved . (" communication between families andinternational calls at around 10 times friends separated by distance. It would be very hard indeed to deny the benefits the cost they incur to deliver both ser-such changes would bring to the quality currency from international settlements vices is often not very different. But of life of people everywhere.

Kallback

it tilleard'

SPONSORED SECTION

TRADE IN TELECOMMUNICATIONS

SETTLEMENT SYSTEM ON LAST LEGS Incoming Calls, Incoming Cash

ive profits from international calls are nothing new, but the richest telcos are now agitating hardest for change. For years, tel-cos were accused of running a cartel, charging exorbitant prices for in addition, many telcos are international calls. Little could be using a practice called refile, done, because most countries' international traffic was handled by monopolies.

Typically, they charged a premium rate for international calls becapacity to overseas destinations had been relatively scarce, and businesses, rather than individuals, bore the brunt of the cost. In fact international-call revenue subsidized local calls for the general population, also known as voters, who paid little or nothing at all.

 Operators negotiated bilaterally how much they would charge for delivering each other's international calls under the accounting rate system, a global scheme overseen by the International Telecommunication Union (ITU), a specialized agency of the United Nations. In this system, they charged each other the same amount for call delivery in their

This so-called settlement rate, plus a profit margin and the additional cost of running their domestic networks, was then passed onto the consumer.

In recent years, the accounting rate system has run into trouble. Where the telecoms sector was liberalized early, as in North America, the United Kingdom, Finland, Sweden, Australia and New Zealand, among other places, competition began to bite, August 1997 to impose its own proach, but there is still a long way with new telcos negotiating lower tariff scale for settlement rates, to to go. settlement rates. These savings, which U.S. carriers would be plus the fact that new networks that exploit modern technology are generally cheaper to deploy and run, meant they were able to charge consumers less.

originated in liberalized countries. This unilateral action was conwhere international calls were trary to the spirit of the multicheaper. The effect of this was lateral approach taken by the compounded by the use of call- World Trade Organization agreeback and refile.

Finding the loopholes

which has some of the cheapest back traffic has increased at least tenfold since 1993.

whereby a call between two countries where a high settlement rate is in force is diverted through a third country with a lower rate to the destination country. The descause in the past their network function country loses revenue, and the conspirators split the difference. Maev Sullivan, an independent, London-based teleconsultant,

"International traffic is increasingly based on arbitrage, with operators exploiting accounting rate discrepancies for their own advantage.`

Controversial FCC move

The ITU estimates that as many as 6.4 billion international-call callback and refile in 1997. The U.S. national telecoms regulator, the Federal Communications Commission (FCC), says that the imbalance of outgoing interna- sign of progress. tional traffic cost the country \$5 billion in trade deficits. This is all the more remarkable since, as Tim Kelly, head of operations analysis at the ITU, points out, interna- longer-term goal is to arrive at a world, the total sum they invested percent of the world's telecoms methodology or methodologies so traffic by volume, and about 8 that settlement rates everywhere generated in one year under the percent by value.

fury of most other countries, the obliged to adhere. The scale is over the next five years. The leastdeveloped economies will be giv-Consequently, far more traffic en the longest time to comply.

> For many developing countries, high settlement rates are a

ows about telephone provide overseas customers with a In addition, as these countries typ-dial tone from the United States, ically have older networks that are more expensive to operate and international call charges in the still have a monopoly carrier, their world. The ITU reckons that call- costs are higher. Also, monopoly carriers have never needed to allocate costs and would be very hard pushed to produce "transparent accounting" to fit in with the demand that their prices reflect costs. Indeed, in the liberalization process everywhere, accurate cost allocation has proved a significant

challenge.
While the FCC's action provoked outrage, it also did much to galvanize telcos around the

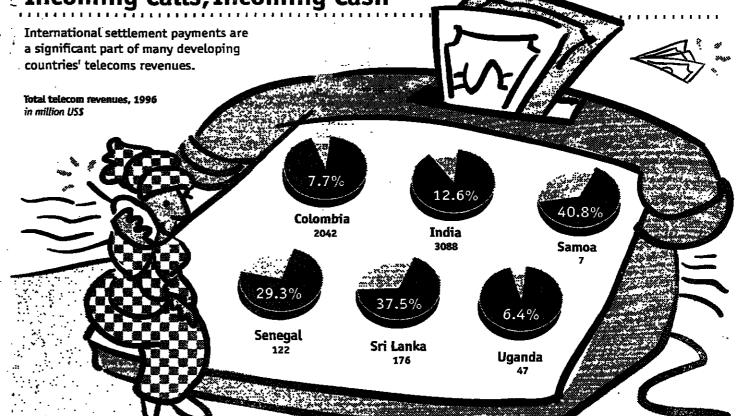
In March, the ITU World Tele-

Basing rates on costs

communicaton Policy Forum appointed Anthony Hill, Jamaican ambassador to the United Nations, as chairmain of a focus group on reform of the accounting-rate system. ITU member states have already proposed settlement rates minutes were accounted for by of not more than \$0.66 per minute, to be implemented in 1998. As all ITU decisions have to be reached by consensus among its member states, this is already a significant

The next step is to agree upon another transitional arrangement for 1999. Mr. Hill says he feels "very confident it will happen." A finally reflect costs. Mr. Hill feels accounting rate system." It was clear that the situation this will be achieved two to three its part, the FCC has said it is FCC took a unilateral decision in willing to back this multilateral ap-

Toward a fairer system based on countries' gross domes- Pekka Tarjanne, secretary-general the product and will be phased in of the International Telecommunication Union, points out that operators in developing countries rely on income from the present system to maintain and expand their networks.



حكذا من الاحل

Source: ITT case studies

programs for telecoms from all the development banks around the tional traffic comprises less than 2 mutually agreed cost-allocation during the first half of the 1990s would still amount to less than is

The statement underlines how could not continue. Much to the years into the next millennium. For crucial it is for all parties to get the balance right when working out reasonable settlement rates. To understand the potential impact of accounting-rate reform and a reduction in settlement rates, the ITU has undertaken a series of country case studies to better understand their needs and costs. The countries studied were the Bahamas, Colombia, India, Lesotho, Mauritania, Samoa, Senegal, Sri Lanka and Uganda.

Gross domestic product per "This system provides a frame- capita in the economies studied work for a transfer of resources ranges from \$12,280 in the Bafrom the developed north to the harnas to just \$251 a year in developing south of around \$10 Uganda. For many of the counbillion a year," he recently said. tries, telecoms income itself is im-

telecoms in underpinning and expanding the economy.

Many factors have been taken found, for example, that continuing political instability has hampered the government of Sri Lanka in attracting outside investment into its telecoms sector, that the network-development costs of islands such as Samoa and Sri Lanka are very different from those for large countries such as India or for small, landlocked countries like Lesotho: that the Baharnas has the challenge of connecting 15 inhabited islands; that Colombia has already digitized 84 percent of its trunk network, while Lesotho has four PBX switchboards and a one-cell cellular network providing voice services to rural areas.

The case studies report concludes that there are significant differences between the countries in the cost of terminating inter-

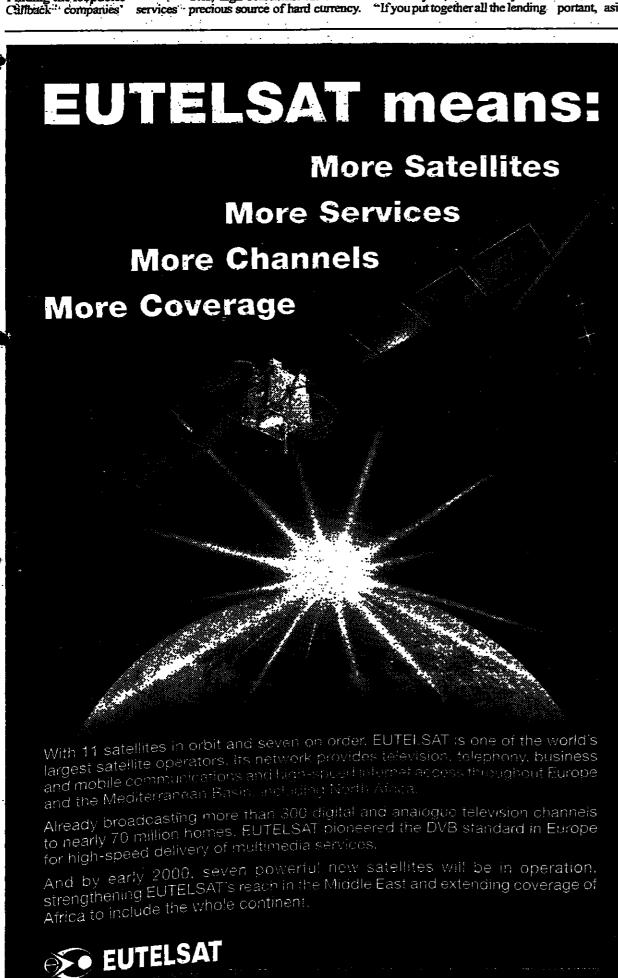
found that the range of call-ter- able to many more businesses and mination costs varies between help economies overall. It could \$0.13 per minute and \$0.45. In also do much to get back revenue. into account in the studies. They comparison, "best practice" rates that at the moment is lost to callavailable on competitive rates in back and other revenue-draining Europe are less than \$0.08 per operations.

minute. Cost-based accounting systems tiate settlement rates that they can prove reflect their costs (and therefor must be judged reasonable) and, in general, run their telecoms services in a more effective and profitable way.

Mr. Hill acknowledges that the trick will be finding a cost-based accounting system that is acceptable to the international community. In addition, monopoly telcos will have to move away from subsidizing local calls from international-call revenue if they are to pick the most lucrative sectors.

But Mr. Tarjanne warns that, such revenue may not be sufficient should allow operators to nego- to replace the hard currency earned from the present system. and so developing countries may: find it difficult to expand their networks and increase access (see his article, "Taking Account of the

Revolution," in this section). The phasing and timing of this process will be key. All of the countries studied have long waiting lists for telephones. The ITU's' 1998 World Telecommunication Development Report suggests that if access to telephone service was sensibly priced and uniformly introduce competition, otherwise available, then a further 300 milnew entrants will simply cherry lion households could have access to telephones, in addition to the This rebalancing of tariffs will 500 million already connected.





PRADE IN TELES

TRADE IN TELECOMMUNICATIONS

A CHANCE FOR CHANGE IN AFRICA?

or Africa's new generation of private telecommunications companies and information technology specialists, the continent's all-too-familiar setbacks to effective communications are both a challenge and an op-

Even amid the chaos in former President Mobutu Sese Seko's Zaire (now the Democratic Republic of Congo), a local businessman, Miko Rwayitare, established one of 1995 Africa's most successful enterprises. From small beginnings 1996 in Kinshasa in the late 1980s, his mobile telephone company, Telecel, soon reached the country's major cities and even expanded its services into other parts of Africa, including
Côte d'Ivoire (where it is the leading mobile telephone 1995) operator), Madagascar and Zambia.

Throughout Africa, markets for mobile phones, computers and Internet services are booming. There is hardly a capital city that cannot offer at least one mobile telephone service. And Internet service providers have sprung up nearly every-where — at the latest count there were 36 countries fully connected to the Internet.

President Bill Clinton's parting words at the end of his recent six-country African tour — "Despite the daunting challenges, there is an African renaissance" — seem particularly appropriate for developments in the continent's telecommunications sector. All of the countries Mr. Clinton visited have created a competitive environment for substantial new investment. They are a testament to Africa's growing desire, in the Source: ITU

president's words, "to harness the winds of change."

Senegal, for example, has just installed a digital fiber optic network to reach 100,000 new subscribers and has granted licenses to private operators to set up 5,000 telecenters, which offer fax or Internet services in all major towns. By these means, the Senegalese government hopes to ensure that no citizen is more than one hour's walk from a telephone.

South Africa has even more ambitious plans to increase telephone coverage by 10 percent a year up to the year 2002. Africa, with an average telephone density of less than 2 lines per 100 people, may lag behind other world regions for some time to come, but the new winds of change are already blowing. Markets that have long stagnated are showing a potential for rapid growth, and technologies are evolving that can be made appropriate and adaptable to the conditions and challenges prevailing in Africa.

Albeit belatedly, most countries are now moving toward fully commercial operations. Governments have begun to sell substantial stakes in their networks to international operators. And nearly all are licensing private operators.

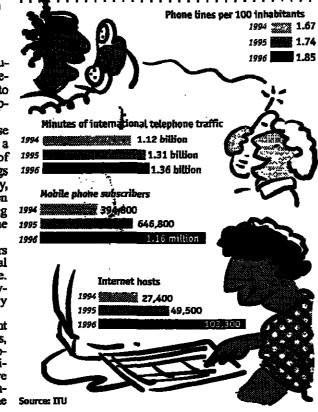
On the national level, Uganda has just awarded a license to a consortium led by South Africa's Mobile Telephone Networks (MTN) as a "second network operator," with a pledge to invest about \$100 million over two years.

Building networks quickly and cheaply

Even the smallest countries can benefit as technology costs fall. "Very small groups can become telecommunications operators with very limited capital," says Jean Marchal, an independent French telecoms consultant.

New technologies are coming to the rescue of Africans who have never had or hoped to have a telephone. Wireless local loop (WLL) technology is particularly suitable, being cheaper than mobile cellular and quick to install, without the need for fixed

Access in Africa



wires. "WLL provides a number of important advantages, including fast development, low installation and maintenance costs, low cost of initial per-subscriber infrastructure and shorter payback times," says Dirk Bout, a telecommunications analyst with research company Dataquest.

Innovations such as pay-phone services using cellular communications technology are of special interest to Africa's new and existing telecommunications operators. Over the past year, South Africa's MTN has installed several thousand pay phones, using a wireless pay-phone system developed by nland's Nokia, in townships and villages that never had public telephones before.

The system, which uses phone cards rather than cash, is also adaptable for use in vehicles and at temporary locations, for events such as sports, entertainment and exhibitions.

WorldTel, an independent company set up by the In-ternational Telecommunication Union (ITU), is seeking to raise \$500 million to bring the benefits of WLL technology to groups of countries in order to reduce installation costs to a minimum. "The time has come to set a trend and to lead the way," says WorldTel Chairman Sam Pitroda. "Even if our first investments are in only six, eight or 10 countries, that is good enough to make an impact. Africa cannot be developed without a telecommunications sector."

If telecommunications is vital to development, Africa is more than ever ready to harness the latest technological advances. Assessing the evidence of recent privatizations and the spread of cellular and Internet services, ITU analyst Michael Minges says they reflect "a growing continent-wide belief that a more liberal telecommunication sector will attract private investment and accelerate the construction of badly needed infrastructure and services.

Richard Synge

BRIDGING THE URBAN-RURAL GAP

Wireless links are to help extend telecoms access to rural South Africa.

The state of the s

play a major role in the such areas' business bases." bridging of a great division in South Africans' access to telecommudensities up to 250 times lower.

The country as a whole had 10 phone lines per 100 people in 1996.

Ambitious expansion goals

Telkom SA Ltd., the country's recently privatized telecommunications operator, has set itself the ambitious goal of doubling its customer base by 2002, from 4.26 million to 7 million, at an expenditure of 53 billion rand (\$10.5 billion).

Now partially owned by Telkom Malaysia Bhd. and SBC Communications Inc. of the United States, the company wants to realize two-thirds of this expansion in South Africa's rural

Telkom SA's move has come as a result of a mix of competitive pressures, technological breakthroughs and forward-looking policies, explains Anthony Maher, a member of the board of directors of Siemens AG's public communication networks division.

Rural market's potential

"South Africa's non-urban areas represent a market with a great breakthrough potential," says Mr. Maher.
"Telkom SA, which will lose its monopoly on standard telephony services in 2002, is keenly aware of that fact. It is nication services constitutes an essen- in South Africa, Namibia and Swazi-

T 7 ireless technologies are set to tial prerequisite for the development of

He adds: "Today's advanced wireless local technologies come with featry's central cities, which have subscriber densities of 25 connections per existing and emerging providers in Africa—to set up and operate such tures that make it eminently cost-feassystems." The systems use radio links rather than wire lines to connect homes and businesses to switching stations.

The use of wireless local technologies eliminates the need for wireline-based networks, which require very large capital expenditures. "Wireless local systerns feature low capital loading and short times to revenue," says Mr. Maher. "They also display a great deal of flexibility - an indispensable feature for areas making the transition from no or low access to being full parts of the world's telecoms grid.

"These transitions generally generate their own growth. What is needed are systems able to grow and develop with this demand - and to do so without disrupting service. We've met this demand by developing and producing access systems, including DECTlink, which are fully compatible with each miles] apart." other."

Siemens has set up a number of wireless local systems in southern

Says Peter Holford, marketing manager at Siemens Telecommunications (Pty.) Ltd., the company's telecoms subsidiary in South Africa: "After having successfully undergone the startup infrastructure, one featuring the use of also aware that access to telecommu- and trial phases, our DECTlink systems

land are now in the process of being expanded. Our CDMA [code-division] multiple-access] technology is widely available in the region. An Ultraphone system is in place in Namibia."

ystem is in place in reamioia.

This depth and breadth of wirelessrelated business activity represents one of two key assets the company is deploying in vying for a piece of South Africa's telecoms market. The other asset is Siemens Telecommunications; (Pty.) Ltd.'s track record in the nonwireless communications sector and in: the mobile segment of the wireless mar-

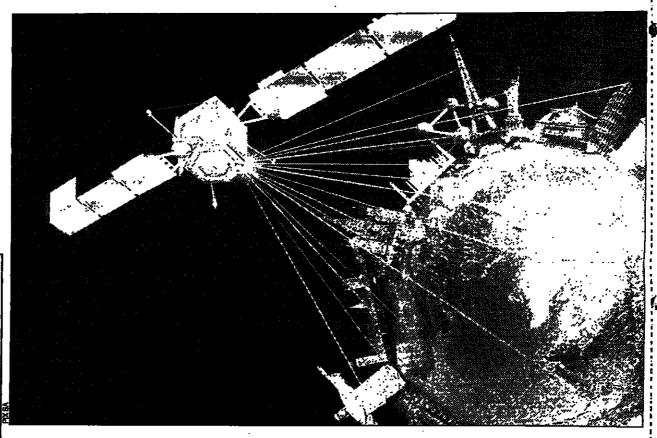
Upgrading technology
"Siemens has built itself into a major producer in and supplier to South: Africa's telecoms sector," says Mr. Holford. "Our company has developed! the EWSD fully electronic digital public switching system now in use in southern Africa. It now links 5 million ports. We've also installed in South; Africa the world's longest SDH (synchronous digital hierarchy) fiber optic: telecommunications link. It connects: Cape Town and Johannesburg, which CDMAlink and Ultraphone, all of are located 1,538 kilometers [954]

> Mr. Maher points out that advances in the development of telecoms markets: in sub-Sarahan Africa are not limited to southern Africa.

"One highly interesting sub-Saharan; market is Eritrea," he says. "The country is taking a very pragmatic approach to developing its telecommunications; wireless systems."

Terry Swartzberg

5 T. 15



A SHIFT IN THE SATELLITE MARKET

Providers of satellite-based communication services are targeting an expanding customer hase.

border trade and expand their core countries in Europe. market share abroad.

Providers currently operating satellites in geostationary orbits high above the earth, such as Eutelsat, Inmarsat and Intelsat, are gearing up to meet this new demand, as well as to cater to a customer base that is no longer limited to govern- of Arabs living in Europe and ment-owned telecommunications companies.

Eutelsat, created in 1977, offers telephony, telegraphy, telex, fax, data, videotex, TV and radio transmissions, as well as specialized services

countries and regions summer. Coverage will inaround the world are clude the whole of the Afgaining in importance as in-rican continent, eastern Ruscumbent telephone operators sia and Siberia and the Indian seek to enhance their cross- subcontinent, as well as its

> Regional satellite providers like Arabsat are turning to Eutelsat to expand cations through an alliance nications their coverage. Arabsat, which signed a long-term lease on Eutelsat's Hot Bird 4 1979 to provide worldwide earlier this year, said that the agreement would help it to target "the vast community in the surrounding coun-

Also in the Middle East, Kuwait's Mobile Telecommunications Co. has joined telecoms operators from Qatar, Bahrain, Saudi Arafor radio navigation, space re- bia, the United Arab Emirsearch, meteorology and ates. Yemen and Egypt to satellite broadcasting. Eu- subscribe to mobile and telsat is extending its reach fixed-line services due to be mobile services for voice. through the launch of new provided by the Thuraya fax, telex and data mes-

the UAE national carrier, Etisalat.

The U.S. giant AT&T has carrier services with a comand shore-to-ship communiwith Inmarsat, the Londonbased organization created in mobile satellite communications for the maritime industry. The AT&T Inmarsat Mini M service uses the new generation of Inmarsat Series 3 orbs to provide global covcrage using a portable, lowcost phone.

Station 12, the satellitecommunications subsidiary of PTT Telecom Netherlands, is also using geostationary satellites to provide its customers with global

BT. France Telecom and Deutsche Telekom use Intelsat's global satellite sysdistance telephone services. The organization, which ofthan 200 countries and ter-customs duties on imported ritories, is currently completing the launch of its latest Intelsat-VIII series of orbs.

More cross-border trade expected

Global trade in satellitebased telecommunications is expected to escalate rapidly in the next few years thanks to the launch of constellations using low and medium carth, as well as geostationarv. orbits.

Eutelsat, Inmarsat and In-

atellite services linking satellites, due to start this geostationary satellite, which tomers using fewer satellites is being launched in 2000 by due to their positioning in a higher orbit above the earth. The development of smaller. portable receivers and handcombined its long-distance sets is also helping to bring down costs, thereby attractplete range of ship-to-shore ing new private carriers seeking to make mobile commuavailable to business and individual users internationally as well as to governments and incumbent operators serving national

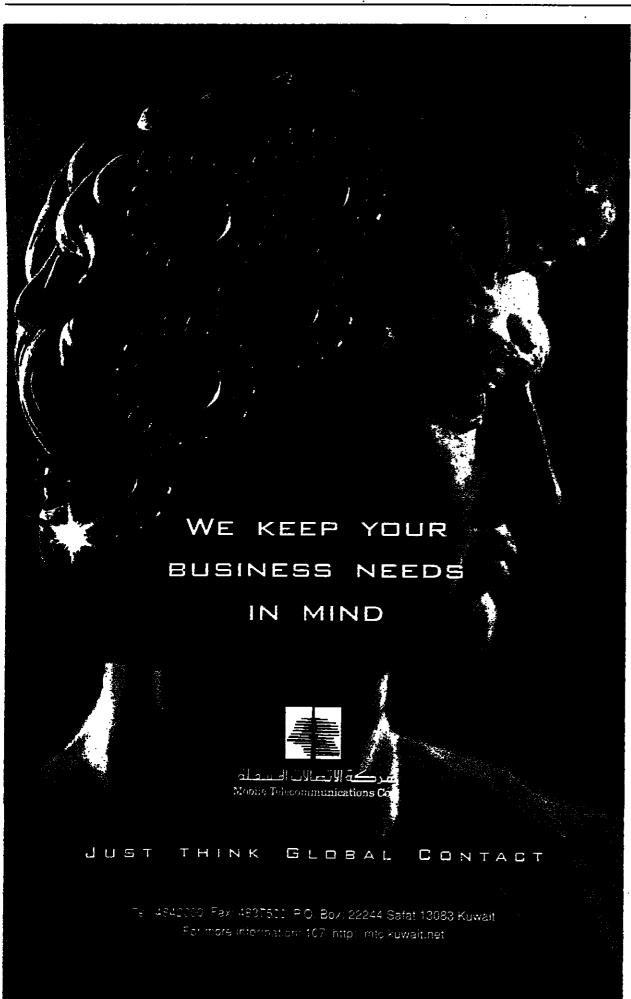
> Moves by governments, telecommunications and satellite operators, manufacturers and service providers to agree on common ap-proaches to licensing for global mobile personal communications by satellite is also enhancing cross-border trade in satellite services.

Last year, the International Telecommunication Union sponsored a series of meetings among these players to reach agreement on measures that will allow customers to use satellite handsets wherever the service is autems to provide basic long-thorized, without the need for a local license.

fers voice, data and video World Trade Organization Member states of the services to customers in more also agreed last year to lower satellite terminals and other

telecoms equipment. Inmarsat and Intelsat are now making moves to restructure their organizations to open them up to the private sector. Inmursat plans to become a fully privatized company by January 1999.

A meeting of Eutelsat's 48 member governments this month is expected to decide on measures to restructure Entelsal to separate its polittelsat have the advantage of tions and set up a new inbeing able to serve their cus-





94.1

TRADE IN TELECOMMUNICATIONS

BUSINESS BRIEFS

Alcatel Espace, the satellite arm of the French congiornerate Alcatel Telecom, is planning to design, build and operate a 64-satellite low-earth-orbit satellite network, SkyBridge, to provide interactive multimedia services by 2001 to end users, the company has announced.

Developing Countries and Trade

The ITU has pledged 1 million Swiss francs (\$670,000) to help developing countries in the introduction of new financing schemes for the development of their telecoms networks. The pledge will also be used to provide advice on negotiating within the framework of the World Trade Organization and on adapting to reform of the international accounting and settlement system.

Hongkong Telecom

Hongkong Telecom, the region's incumbent telco, has more than 220,000 kilometers (136,400 miles) of fiber optic cable in place - more than in the whole of many European countries. Hong Kong has become the first major city in the world to offer interactive services on a commercial basis. The services offered by the company's interactive multimedia unit include video on demand, home shopping and banking, and a racing service. The future looks uncertain for Wharf Cable, which has spent more than 5 billion Hong Kong dollars (\$645 million) building its cable TV network in the territory since 1993.

Lucent Technologies claims that its new Intelligent Network software will make a clutch of features available to Global System for Mobile (GSM) cellular phone users. Networks employing the software will be able to accept prepayment from cellular phone owners, obviating the need for a contract. It will also allow subscribers to be reached on one phone number wherever they are or have calls routed to voice mail.

Norwegian telecoms manufacturer Nera has launched its lightweight WorldPhone, which has a lid that acts as a antenna link to the latest generation of Inmarsat satellites. Special adaptations are available for use in cars. ocean-going yachts and coastal craft.

Nokia of Finland has signed a \$150 million contract with Texas-based Western PCS Corporation, a subsidiary of Western Wireless Corporation, for the supply of GSM 1900 network equipment. The contract covers Nokia's base station subsystem and its Network Management System NMS/2000, which collects and manages the network operations and data on its maintenance.

Saudi Telecommunications Company

A joint stock company, the Saudi Telecommunications Company (STC), is to be established with a capital of \$2.66 billion in preparation for its privatization later this year, according to reports from Riyadh. The PTT minister. Ali al-Johani, said earlier this year that STC would take over the telephone and telex facilities of his ministry, as well as all other telecoms rights and properties owned by the kingdom, including its local and international investments. STC is due to begin operations by the end of

Telebras

The privatization of Brazil's rederal telecoms glant, le ebras, will involve the consolidation of its 26 state-level companies into three regional companies, the establishment of nine other entities to operate mobile services and a separate sale of long-distance operator Embratel, according to a report in the London-based monthly Privatisation International. The privatization is expected to take place before the end of June. The state of Rio Grande do Sul is also planning to sell its 54.2 percent stake in regional telecoms operator Companhia Riograndense de Telecomunicacoes, the report added.

in a \$22 million cooperation agreement, the International Telecommunication Union will provide independent advice to Brazil on creating a stable regulatory environment to ensure fair competition among players in the telecommunications market.

Telecom Africa aims to provide scientific and technological capability to countries of the region and to provide a full range of services, including line and wireless telephony, video and data communications, internet, private networks, broadcast, distance learning and telemedicine. Telecom Africa will operate as a commercial venture while providing services at affordable prices. It will be open to partnerships with global institutions in areas such as joint research, testing and software/content devel-

Africa Telecom 98, a forum and exhibition organized by the ITU, begins Monday in Johannesburg. African Renalssance: Spectrum of Opportunity is the theme of the event. The ITU is organizing a pan-African pavillon where all 55 countries of the continent will be represented. Speakers will include President Nelson Mandela of South Africa and Craig Barrett of Intel Corp.

Web site: http://gold.itu.int/TELECOM/aft98/Index.html.

ПU stand: Number 5030, Hall 5. Telephone: +27 82 990 8127 or +27 82 990 8454.

Telecom Egypt
State-owned Telecom Egypt announced in March that it
State-owned Telecom Egypt announced in March that it intends to sell 30 percent of its shares, worth \$1.9 billion, in the next few months. However, given the need to restructure the company to separate its roles as operator and regulator, analysts say the process could, in fact, take up to 18 months. An offer for 30 percent of the shares in a new public telecoms company, the Egyptian Mobile Telephone Services Company—in which Telecom Egypt holds 28 percent of the shares — closed in February 33 times oversubscribed, according to press reports from Cairo.

The remaining controlling stake held by the controlling stake held investors. The remaining controlling stake held by the government is to be sold at a second stage, possibly next

Wave division multiplexing
Clena Corp. and Lucent Technologies are slugging it out to discover who can squeeze the most transmission capacity out of fiber optic strands using a technology called wave-division multiplexing. Simply put, WDM works by wave-division multiplexing. Simply put, WDM works by sending multiple signals of different length through a fiber simultaneously. Ciena now claims it will be able to carry simultaneously. Ciena now claims it will be able to carry 96 channels (each of which could carry a phone call) on a single fiber later this year; Lucent had recently upped the ante with 80 channels. ante with 80 channels.

INTERNET COMMERCE: WILD AND FREE OR ORDERLY AND SAFE?

Should — or can — electronic commerce be regulated and taxed? Governments and business groups are grappling with the question.

e-Commerce:

Projection of the value

of goods and services

sold over the Internet.

Ready to Take Off

bling things about buy from them.

interaction is needed," says Schoeman Rudman, director of network computing for IBM's global in- for EDS, a computer-sersurance industry unit. He vices firm, chairs this comcalls it the "fingers around mittee. He believes that busisomeone's neck"

questions about them can consumers and busi- money." nesses be protected from fraud?

What about intellectual and illegal or controversial content, such as porno-

international organizations, and private industry groups and associations are all attempting to find ent, private investors won't propriate for goods pur- use taxes.

answers develop frame- put their money in it," he chased over the Internet?

The Internet? works for discussion or - notes. at the very least — agree the questions.

Economic Cooperation and problem with government in- of competing alternatives. tervention is that governments are geographically delimited while the Internet is trans-border and distance-independent

Governments have other Commission oversees ser- transparency or consist- administered tax allocated other body or no one at all? vices; in Europe, it is usu- ency," Mr. Curran claims. back to relevant parties Should WebCasting be con-

during negotiating rounds."

ne of the most trou- ally a government ministry. The U.S. government and Internet commerce the European Union have is that you don't see the brought together top-level people with whom you are business leaders in a group doing business. Business called the Trans Atlantic is based on trust, and com- Business Dialogue. The mercial trust is based on a Electronic Commerce comregulatory framework. If mittee of TABD is trying to you don't trust suppliers, convince governments in you won't order from Europe and North America them, and if you don't trust to take a laissez-faire anshopkeepers, you won't proach to the internet. They argue that the free market and The closer one is to consumer choice will give purchase, the more human rise to the necessary Internet standards and safeguards.

Bill Poulos, director of electronic commerce policy im- ness should play a more active role in Internet policy Cyber-necks are elusive development than it has done on the electronic frontier, but heretofore. "In the past, highways were built with abound. Should electronic public money," he says, commerce across borders be "Future [virtual] highways regulated and taxed? How will be built with private

He emphasizes that gov-

emments have an obligation to protect the interests of all property rights, competi- stakeholders, including but tion policy, data protection not only business. The point and privacy, encryption is to open a dialogue, to "make a place for business at the table" with proposals that graphy? are industry-ieu, maixci-National governments, driven self-regulating, transparent and that offer incentives for private investors. "If the situation is not transpar-

A similar viewpoint is exchief technology officer, multinational companies, for a moratorium on e-com-John Dryden, head of the GTE Internetworking, who information, computer and serves on a number of adcommunications policy divi- visory committees for Intersion of the Organization for net policy development. He says it is not the outcome per plains that the fundamental the need to evaluate the costs

> Less certain than death The problem for tax admin-

istrations — as for other transaction to provide the areas of Internet commerce mechanism for this." — is that legal frameworks shortcomings. They have to function within defined deal with each other to boundaries, and the Internet sic is complicated, because among the providers of com-

themselves as to who con- would rather have an 8 per- sent to several others. Federal Communications and 6 percent there, with no United States is a federally phone regulators or some

IMPLEMENTING THE WTO PACT

bringing the total number of countries to 72. Ms. Tuthill savs

Continued from page 17

at least half a dozen more are in negotiations to join. And thing we've got to global regulation for trade i some 30 more countries that were not involved in the original it has real power. Its impact will be lasting."

Taxation is subject to com- (states or local entities) on a peting claims and authorities. basis as yet to be determined, With store sales, the tax is says Mr. Curran. based on the point of sale.

the law. It is not the job of the

buyer. Which category is ap- as there are state highway-The International Cham-Brian Catt of Infonet Ser- ber of Commerce supports vices Corp., which offers the call by President Bill on a process for defining pressed by John Curran, communications services to Clinton of the United States

says that collecting taxes of- merce taxation until Decemten can work "in the same ber 31, 2000. ways as commerce by post or The secretary-general of telephone; it is the respon- the ICC, Maria Livanos Catsibility of the buyer and seller taui, warns that "fragmented Development (OECD), ex- se that is important today, but to notify their applicable au- regulation by national govthorities of transactions ernments could severely hamper the development of a through their accounts and

transport service for the What is Internet content? Content regulation is even Taxing sales of digital goods like software and mu- have blurred distinctions tions stick, but differ among "Some businesspeople from several locations and be net services and content. trols what. In the United cent e-commerce tax every- One proposal currently ries like Internet telephony. States, the independent where than 8 percent here under discussion in the Should it be regulated by

Despite expressing some reservations, such as the fact that

Russia and China are not yet signatories to the agreement, Ovum's Stephen Young concludes, "WTO is the closest thing we've got to global regulation for trade in telecoms, and

the International Telecommunication Union. And although

Another suggestion is a

With mail order, the tax is tax on the Internet "pipes" based on the residence of the running through a state, just them?

other returns as required by marketplace in cyberspace."

more difficult because technology and the market itself Then there are new catego-

sidered a television station or American developer of PGP not? "The jury is still out on this," says Mr. Dryden of the has found an ostensibly legal OECD. "You have to ask, way around the ban by 'Can you stop people from selling a parallel product'

total combined

in billion USS

realities and legislative come an island on the Inframeworks was dramatized ternet, and that others will last month when the U.S. ban route around it, observes Mr. on export of encryption soft- Poulos of EDS ware was undermined by the

doing this? Should you stop through a Swiss company.

Premature regulation The lag between market means that a country will be-

Claudia Flisi

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- → Telecom Holding Co., Ltd.
- General Electric Capital Services

⇒ AT&T Capital Corporation

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Have you missed any of the IHT's Sponsored Sections in 1998?

GATT/WTO talks are keen to join the negotiations on services, including telecoms.

"Lots of people think I should be moving on now because my telecoms job is done, but it's not like that," says Ms.

Tithill "No multinational agreement prior to this has says."

The greatest potential sticking point is that the issue of reforming the accounting rate system, under which revenues from international calls are shared, was deliberately left out of the WTO pact until 2000, pending the outcome of work by the International Telecommunication.

had people volunteering to make commitments after the deal has been struck. Normally would-be signatories like to have the opportunity to trade everything against everything else during negotiating rounds."

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Marschall Scores Twice In Victory Over Wolfsburg

Compiled by Our Staff From Dispatches BONN-Kaiserslautern clinched the Bundesliga title when it beat Wolfs-

Olaf Marschall, the veteran striker, scored twice Saturday to continue his late run for a place in Germany's World Cup squad.

Bayern Munich managed only a 0-0 draw at Duisburg and will finish in second place. Kaiserslautern had won three pr

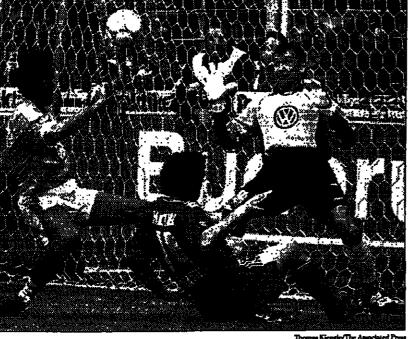
vious first division titles, in 1951, 1953 and 1991, but was relegated to the second division in May 1996. Otto Rehhagel became the club coach later that year after being fired by Bayern.
"Who would have thought this

would be possible a year-and-a-half ago, when we lost, 2-1, in Meppen?" said Rehhagel, referring to his team's tentative start in the second division.

Arminia Bielefeld, which was already sure of relegation, pulled Co-logne toward the drop with a 2-1 victory Saturday. The game may prove costly not only to Cologne but to Iran. Ali Daei, a Bielefeld striker who scored seven goals for Iran in one World Cup qualifying game, is in danger of missing the World Cup after breaking his cheekbone. He was operated on Saturday and is expected to be sidelined several weeks.

FRANCE Paris-St. Germain beat Lens, 2-1. Saturday at the Stade de France in the French Cup final. A month earlier, PSG won the final of the less important

League Cup at the same stadium.
Rai scored in the 25th minute with a header. He had arrived back in France on Friday after playing in Brazil's 1-0 loss to Argentina in an exhibition game Wednesday night at Rio de Janeiro. Marco Simone scored PSG's second



Marschall, on the ground, scoring for Kaiserslautern against Wolfsburg.

goal early in the second half. Vladimir Smicer scored for Lens in the 83d minute, Moments later Smicer

was foiled by a point-blank-range save by Vincent Fernandez, the PSG goalie. SOUTH AMERICA Cruzeiro of Belo Horizonte, the defending champion, was knocked out of the Libertadores Cup on Saturday after a dire goalless draw at home against fellow Brazilians Vasco da Gama in a second-round, second-leg match. Vasco went through, 2-1, on aggregate and will face Gremio, the third Brazilian team in the tournament, in the quarter-finals.

Vasco packed into defense for the whole match and made no effort to attack. Cruzeiro dominated, winning 10 corners to Vasco's none, but lacked the creativity to break down a massed defense. There were 57 fouls, eight yellow cards and numerous instances of players

faking injuries, pretending to have been fouled and arguing with the referee. Vasco's players have a knack of getting goalless draws when it suits them. having drawn both legs of last year's Brazilian championship final to beat Palmeiras on having the better overall record. They also won the second stage of this year's Rio de Janeiro championship

after a goalless draw with Flamengo. Vasco joined Gremio, Colon of Argentina, Bolivar (Bolivia), Cerro Porteno (Paraguay), Barcelona (Ecuador) and Penarol (Uruguay) in the quarter-finals. The last place will be taken by either River Plate of Argentina or America of Mexico.

Their second leg in Buenos Aires last Thursday was called off shortly before kickoff because the Brazilian referee, Marcio Resende de Freitas, and his assistants failed to turn up. Resende said he had not received any message from the South American Confederation telling him about the game and that he only found out when an Argentine jour-nalist rang his home Thursday night to find out where he was.

ROMANIA Steaua Bucharest won its sixth consecutive national title Saturday after trouncing Gloria Bistrita, 5-2. Steaua's home victory gave it a final tally of 80 points, two clear of Rapid Bucharest, which drew, 2-2, at Craiova

against Universitatea. Steaua's goals came from forward Ionel Danciulescu, who scored twice, midfielder Catalin Munteanu, with a spot kick, striker Cristian Ciocoiu and midfielder Laurentin Luca. (Reuters, AP)

A Hopeful Return for Saudi Star 🗓

Arrested After Shining in '94 World Cup, Owairan Battles Back [‡]

By Christopher Clarey International Herald Tribune

AINTE MAXIME. France — 'Do they still show it in America?" asked Saeed Owairan, the Saudi Arabian who scored the most spectacular goal during the last World

Owairan scored the goal against Belgium in Saudi Arabia's final match of the first round. The on-field temperature at RFK Stadium in Washington was close to 104 degrees Fahrenheit (40 degrees Centigrade) when Owairan took control of the ball in his own half, outran and outwitted five Belgian defenders, then smacked a fast-rising, right-footed shot past the goalkeeper, lichel Preud'homme.

"I have seen this goal maybe 1,000 times now, and I'm honestly fed up with it," Owairan said through an interpreter as he sat on a plush couch at the four-star hotel the Saudis are using as a training base for this year's World Cup finals in

The goal was more than telegenic garnish. It qualified the Saudis for the econd round in their first World Cup finals appearance, and though they lost to Sweden, 3-1, in the second round, Owairan did not receive a loser's welcome when he returned to the Saudi capital of Riyadh. King Fahd gave him a

But it would not be long before Owair-an's newfound celebrity began to generate more problems than perquisites.
"The goal against Belgium was a double-edged sword for me," he said.
"In some ways, it was great. In other
ways, it was awful. Because it put me in

the spotlight, everybody was focusing

What came into focus would prove deeply disturbing to the authorities in Saudi Arabia, an absolute monarchy run according to Islamic law. Owairan's penchant for Western-style nightlife would ultimately lead to a prison term and one-year suspension from compet-

"Everybody in Sandi Arabia must behave according to the law of the religion and the government, but it is especially important for the star to behave," said Ahmed Eid Saad Alharbi, the national team's manager. "The star is the one who is always followed, the one who should set a good example so everyone can follow him in a good way.

Owairan and Sandi officials are reluctant to discuss the events that led to his suspension and imprisonment, but there reportedly were two significant incidents. The first was when he left his Sandi club, Al Shabab, without permission and flew to Casablanca for two weeks of unauthorized rest and recreation. That earned him a fine and a warning.

The second and more serious transgression reportedly came during Ram-adan in early 1996 when he was caught drinking with a group of acquaintances, including some non-Saudi women, by Saudi Arabian police. This time there would be no warning.

"I was with some friends, but they blew it out of proportion because of my celebrity," he said when pressed for details. "You learn. I am trying now to take care of all aspects of my life."

Owairan would be banned from soc-

cer for a year and, depending on which version you believe, would spend either one month or an entire year as a prisoner. 'It wasn't like a jail jail," he said. "It was a detention center, and I was held for questioning for several weeks."

In a recent interview with a French newspaper that made use of a different interpreter, Owairan was quoted as saying he had been held for six months.

"I think it was a little longer than six months," Alharbi said. "But he was given great freedom with his visiting ights. He had friends and family come

to visit him regularly."

Owairan trained alone during his incarceration and then played soccer with friends after his release. While his former teammates went about winning the Asian championship in 1996 and then qualifying Saudi Arabia for its second consecutive World Cup finals, Owairan put on weight and waited. "To be suspended for a year from

playing was the worst punishment I-got," he said. "I felt much worse when I watched the national team play. I wanted to be with them, because I was sure my role was with them."

It is unclear what role Owairan will" play in France this summer. He spent all of last season with his club team, At-Shabab, and after a two-year absence from the national team he returned: against Iceland in early December. He then started all three of the Saudis' forgettable games in the Continental Cup. -

E STILL wears number 10 and still plays the attacking midfield. United States. But at 30, fitness has: proved more elusive than at 26.

'He's back and working very hard," said Carlos Alberto Parreira, the Brazilian who coached his homeland to the World Cup title in 1994 and began? coaching the Saudis in December. "His simulation is improving. They told me that he was very fat, but he's not overweight." He just needs to be in good shape, which is a very different matter."

Parreira is well aware that the World Cup is a serious matter in Saudi Arabia. The national team belongs to the government here," Parreira said.

And it is the government that will. ultimately rule on whether Owairan will.* be able to make his comeback complete? by fulfilling his long-standing desire to earn his living outside his country. No: Saudi player has been granted permission to play for a foreign team, an iso-! lationist policy which makes their success in 1994 all the more remarkable.

But there is talk of that ban being lifted: after the World Cup finals, and though it_ might seem remarkably sanguine of Owairan to consider himself a candidate for expatriation, the tumultuous events of the past four years clearly have not

taught him to be a pessimist.

'Do you have any idea.' he asked. "what the minimum salary is in the." American professional league?"

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Wobster, Holles (10), W—Aguillera, 2-2.

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Chartette
Altanita
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Smith 11-18 3-4 27, Blaylock 6-18 2-2 1
Rebounder-Chartette 5' (Masson 14), Altar
41 (Mutombo 16), Assists—Chartette
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ICEHOCKEY

NHL PLAYOFFS FREST ROUND, BEST-OF-7 FRESH RESULTS

Philodelphia: 8 1 1 0—2 First Period: B-Woolley 1 (Bornoby, Hotzinger) (pp), Second Period: P-Siflinger 1 (Doigle) Third Period: B-Audette 2 (Peca) (pp), 4 P-Babych 1 (Brind-Amour) (pp). Overtime: 5. B-Grosek 4 (Smehlik, Shannon) (pp), Sinds on goot: B-9-9-10-1—29, P-6-16-12-3—37. Godiles: B-Hosek, P-Borke. Burdiol with sarries 4-1. Mostred 0 2 3—5
Pitsburgh 8 0 2—2
First Period: None. Second Period: MBrisebots 1 (Damphousse, Stevenson) 2, MCorson 3 (Reachi) Third Period: M-Reachi 1
(Kohu, Malakhev) 4. P-Straka 2 (Long,
Morusov) 5. P-Jagr 4 (Francis) 6. MDamphousse 2 (Vianov) 7, M-Roachi 2

England 75, Sweden 0 Franco 23. Kazakhstan 6

FIRST ROUND sikato Chiefs 26, Western Stormers 7 ACT 24 Aucklond 27

Shorks 31; Contentury 31; Queensland 30; Wellington 24; Walkato Chiefs 24; Otago 23; New South Wales 21; Western Stormers 17; Northern Balls 15; ACT Brumbles 13; Golden

Forms Period: Adne. Archael Period: B-Samsonov, Bourque) (pp). 3, B-, DiMaio 1, Takril Period: B-Bourque 1 (Von Impe. Alison) (pp). Shets on god: B- B-12-10-30. W-8-6-12-26. Geoffee: B-Datice, W-Kotzig. Washington leads series 3-2.

AS Romo 5, AC Milan 0

First Period: S.J.-Murphy 1 (Craven, Nicholis) (pp). Second Period: S.J.-Ricci I (MacLean, Motteau) 3, D-Matvichuk 1 (Sirudiand) 4, D-Keane I (Modano) (sh).

WORLD CHAMPIONSHIPS PRELIMINARY ROUND IN ZURICH AND BASEL, SWITZERLAND Czech Republic 8, Japan 2

Canada S, Austria 1 Slovakia 2. Italy 1 QROUP C United States 5, Switzerland 2 Sweden & France 1 Russia & Kazakstan 4

FOOTBALL

Amsterdom 25, England 24 Rhein 31, Frankfurt 14 Scatland 30, Barcelona 10 STANDARGS: Rhein 1.000 Pct.; Amster-

GOLF

Japan: Dovis Love 3d, U.S.

Davis Love J. U.S.
M. Kimura, Jap.
Brian Watts, U.S.
Rick Gibson, Canada
T. Natolima, Jap.
Jumba Ozoté, Jap.
T. Yongong, Jap.
T. Yongong, Managara 69-68-71-69-277
72-68-67-70-277
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67-73-71-67-278
73-69-65-71-278
72-68-71-69-280
68-72-70-70-280 69-73-72-67---28

ITALIAN OPEN

at 6,592-yard, par-72 Cestal Club course in Milan, taly: Poirtick Sjojand, Swo. J. Marie Olazabal, Sp. Peter Batter, Eng. Steen Transing, Den. Lee Westwood, Eng. Sven Straver, Ger. Bob May, U.S. Mark James, Eng.

67-67-67-201 68-65-69-202 68-67-67-202 David Lynn, Eng. Jean van de Velde, Fr.

RUGBY WOMEN'S WORLD CUP

IN AMSTERDAM, NETHERLAND

STANDANCAS: Juventus 70 points; Inter Milan 66; Udinese 58; Lazio, Parma 56; AS Roma 55; Fiorentino 51; Sampdorta 47; Bo-logna 45; AC Milan 43; Vicenza 36; Empeli-

Bari 34: Placenza 33: Atalanta E Brescia 29: Lecce 25; Napoli 13. Brescia 29: Lecce 25: Napoli 13.

BUTCH PRIMILE BYISHOM
Fortuna Sittard 4, NaC Breda 1
NEC Nijmegen 1, FC Utrecht 0
Willem II Tilburg 2, Rada JC Kentrade 4
FC Votendam 4, SC Heersenveen 1
RKC Waatwijk 1, MVV Maastricht 1
De Grootschop Doeffinchem 1, Ajax 8
PSV Eindhoven 6, FC Groningen 2
Sparta Rotterdam 1, FC Twente 1
Vriesse Arnhem 2, Feyernoard Rotterdam 1
stransbusses x-Ajax 89 points: PSV 72
Vriesse 67: Feyernoard 61: Willem 11, Hoerenveen 52: Fortuna Sitt. 48; Sparta, NEC 41;
Twente, Utrecht 40; De Grantschop, NAC 39;
Roda 38 MVV 32: RKC 31; Graningen 28;

Roda 38; MVV 32; RKC 31; Gro

SPARISM PIEST DIVISION

Sparing Glion 0 Real Sociedad 2

Maltarca 2 Atletico Madrid 1

Racing Santander 1 Espanyol 1

Alhietic Bithan 3 Oviedo 0

Ceto Vigo 3 Compostela 3

STANDINGS: Barcelona 74 points: Athelic Bithan 61: Real Madrid 60; Real Sociedad, Maltarca 59; Ceta Vigo 57: Real Betts

Scr Attetico Madrid, Valencia 54; Espanyol

49; Valkadolid 47; Deparityo Comma 44: Real

49; Valkadolid 47; Deparityo Comma 44: Real 19; Valiadolid 47; Departivo Cor

Arsenol 4 Everton 0 Arsend 4, Everton 0
Botton 5, Crystof Paloce 2
Coventry 2, Blockburn 0
Lelcester 1, Barnsley 0
Liverpool 5, West Ham 0
Newcostle 2, Choisea 1
Sheffield Wednesday 1, Aston Villa 2
Southampton 0, Derby 2
Wimbledon 2. Tottenham 6
stransplaces x-Arsenal 75; Man. United
71 points; Liverpool 62 (Choisea 40; Leeds 58;
Blackburn 55; Aston Villa 54; Leicester 53;
Derby, West Ham 52 Coventry 51; Southompton 47; Nowcostle 44; Tottenham. Wimbledon 43; Balton 40; Everton
37) Barnsley 35; Crystal Paloce 29,
x-Clinchod championship

SCOTTISM PREMIER DIVISION femiline Athletic 1, Cettc 1

Aberdeen 2, Hogris 2 Hibernian 1, Dunder United 2 mian I, Dunaev United 2 pers A. Klimamock 1 shastone 3, Motherwell 2 GERMAN BUNDESLIGA

Arminio Bielefeld 2, FC Cologne 1
Boyer Loverkusen 0, Herrino Bonin 1
Bornsalo Dorimund 0, Homburg SV 1
B. Moonchenglaboch 5, Hansa Rosto
MSV Outsburg 0, Boyern Munich 0
FC Kolserslautern 4, VfL, Wolfsburg 0
Kortsnuher SC 4 VFB Stuffgarf 2
1860 Munich 1, Scholle 0
Werder Bremen 1, VfL Bochum 0
STANDHINGER 2, Kriserslautern 67
Boyern Munich 62, Bremer Level STANDINGS: X-Kaiserslauten 67 points: Bayern Munich 63: Bayer Leverkusen 54: Werder Bermen 50: Stuffgart. Schatte 49: Harisa Rostock 48: Borusalo Dorhmund. Hamburg, Hertha Berlin 45: Duisburg, 1860 Munich 41: Wolfsburg 39: Bochum, Karisruher 38; Moenchengladbach, Cologne 35: r. Arminic Bielefeld 32.

3-dinched championehip.

Universitate Cratova 2, Rapid Bucharest 2
FCM Bacau 5, Arges Pitesti 3
Foresto Fofficent 3, Dinanto Bucharest 1
Universitate Ciul 2, Cechiaur Piotro Neamt 3
Mar Potrosant 1, Sportul Studenties 0
Steaus Bucharest 5, Gloria Bistrina 2
Otalul Golott 1, Fortul Constanta 0
National Bucharest 1, Sportul Constanta 0 Olehi Goloff I, Forul Constanto 0
National Buchareat I, Perindul Plotesti 0
CSM Reside & Chindia Tirgoviste 1
FENAL STANDONGES: Steaue Bucharest 80 poists: Ropid Bucharest 78: Arges Plasti 63: Otelai Goloff 64: National Bucharest 64: Dinamo Bucharest 54: Universitatea Cralova 49: CSM Reside 51: Ceanhard Platra Neamt 89; FCM Beccu 45: Glorio Bistrito 44: Farul Constanto 45: Universitatea Ciul, Patrotul Piolesti 49: Foresta Falliceni 39: Chindia Tirgoviste 18: Sportul Studenteac 19: Jiul Petrosani 10.

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shington D.C. 3, Chicogo 1 **TANDRINGS Eastern Conference: D.C.
15 points: Colombus 1s; Miami & NY-NJ &
New England & Tampo Bay 3. Western Conference: Los Angeles 19 points; Dollos &
Chicago & Kansos City & San Jose & Col-

COMARA CASTAL CUP

TENNIS

AT AND T CHALLTING IN DULUTH, GEORGIA United States, 4-6, refired

Jason Stallenberg (2), Australia, def. Lichey Reneberg, United States, 6-4, 6-1. Richey Reneberg, United States, 6-4, 6-1.
Andrei Povel (d), Romania, def. Franco, Squillari, Argentina, 6-1, 6-2.
Pete Sampras (1), United States, def. Roman Delgado, Paraguay, 7-4 (8-6), 7-6 (7-3), SEMPNALS.
Stotlenberg def. Pavel 6-2, 6-4.
Sampras def. Caterony, 7-4, 9-6, 6-7.

pros def. Coloituva, 7-6 (8-6), 6-3.

BOL LADIES OPEN
IN BOL, CROATIA SEMITINALS Mirjona Lucic (4), Croatie, def. Joannette

Kruger (1), South Africa, 6-2, 6-1.
Carina Morariu (5), United States, def.
Sitvija Taloja, Croatia, 4-6, 6-4, 6-3. FRAL
Luck def. Mororly 6-2, 6-4.
GERMAN GRAND PRIX IN HAMBURG, GERMANY

RHAMBURG, GERMANY
SEMPTHALE
SEMPTHALE
Martina Hingis (1), Switzerland, def. Barbara Schett, Austria, 6-2, 6-2,
Jana Novotna (2), Czech, R., def. Patty Schwalze (2), Switzerland (2), 7,5 def. Patty -Hingis def. Novotno 6-3, 7-5. CZECH OPEN IN PRAGUE, CZECH REPUBLIC

Semificale No Dosedel Czech Republic def. Nic-BEW OPEN

Thomas Engvist (7), Sweden, def. Magnus itstufsson, Sweden, 4-2, 6-4.
Andre Agassi (8), United States, def. Gala lanca, Spain, 6-4, 6-4. Final Enqvist def. Agassi 6-7 (4-7), 7-6 (8-6), 6-3. DAVIS CUP

GROUP 2. FIRST ROUND Belorus S. Luxembourg 0 perarus S. Livembourg Portugal S. Georgia O Hungary 4. Ireland 1 Latvia 2. Yugastavia 3 Senegal 3. Paland 2 Monaco O, Slovenia 5

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SPORTS

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Real Quiet Whips Up Excitement

Unlikely Winner Gives Baffert 2d Kentucky Derby Victory in a Row

By Jennifer Frey Washington Post Service

LOUISVILLE, Kentucky - Bob Baffert won his second straight Ken-tucky Derby at Churchill Downs on Saturday. He just happened to do it while sitting in the wrong owner's box, with his expectations pinned on the other horse he had trained for this race.

After sitting a few stalls and a long shadow away from Derby favorite Indian Charlie in Baffert's barn all this week, Real Quiet - the horse known as "Fish" outraced his stablemate down the mile-and-a-quarter stretch and held off a late surge by Victory Gallop, to capture the 124th Kentucky Derby in 2 minutes 2.2 seconds. Victory Gallop finished second, and Indian Charlie third.

Baffert was seated in the box belonging to Hal Earnhardt - Indian Charlie's owner - when the horses came out of the last turn, and the trainer's guts seized when he saw a horse eass Indian Charlie from the outside. when he did a double-take and completely lost his composure.

"It's the Fish!" Baffert shrieked, practically in Earnhardt's ear. "Go,

baby, go!"
Out front by the mile mark, Real Quiet held steady as Indian Charlie faded slightly and Victory Gallop rallied wide, vanquishing Baffert's hopes of a 1-2 finish. Still, the charismatic trainer from California had good reason to be thrilled with his day. He became only the sixth trainer to win back-to-back Derbies. The last trainer to do so was Wayne Lukas in 1995 and 1996, whose entrant this year, Cape Town, finished fifth behind Halory Hunter, owned by Rick Pitino, the coach of the Boston Celtics.

as I did for Silver Charm, but it's unbelievable," Baffert said, referring to the horse that gave him his first trip to the Derby winner's circle last May. When those horses turned for home, it just feels better."

Kent Desormeaux, the jockey aboard his first Derby winner, threw a kiss to the crowd after he crossed the wire at the end of a smartly run race. Told by Baffert to scrape the rail on the first turn and get behind a fast horse, Desormeaux did just that, then sat back in excellent position down the backstretch before making his move. He started screaming

a few words. "I was in shock for the first 80 yards past the wire," he said. "I was like 'Ahhhh!"

once he crossed the finish line, and

barely stopped long enough to gasp out

Desormeaux was dressed in red and gold silks — the colors of McDonald's Corp. — emblazoned with an "MP" in honor of Real Quiet's owner, Mike Pegram, who owns 21 of the hamburger ranchises in the state of Washington. Pegram was the first owner to bring Baffert, originally a quarter-horse trainer, into the thoroughbred business.

Last spring, Pegram bad tears in his eyes when Baffert stood in the winner's circle with Silver Charm and thanked him even though he had not won with one of Pegram's horses.

On Saturday, Pegram, who grew up just across Kentucky's border in Princeton, Indiana, packed as many of his childbood friends as he could fit into his box for his unexpected, but thrilling, Derby victory. He did not seem to mind a bit that Baffert was not among the crowd.

"I told everybody that day I felt like

"I didn't think I'd ever feel as excited I'd just won the Kentucky Derby," Pe I did for Silver Charm, but it's ungram said of Baffert's comments assisted spring. "And now, I did it again

When Baffert first purchased Real Quiet for Pegram, the owner raised his eyebrows slightly at the paltry price tag — Real Quiet cost \$17,000 — and wondered aloud what kind of horse his old friend had found for him. "What does he have, cancer?" Pegram said to Baffert, who could not help but laugh.

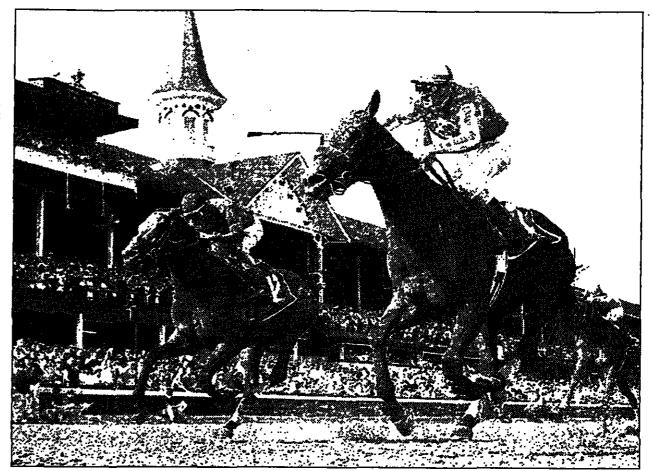
Actually, Real Quiet was skinny so skinny that Baffert compared him to a tropical fish in a tank: gorgeous from the side, but all but nonexistent when viewed from a head-on direction. Hence, Real Quiet became known simply as "Fish." He also became known as the Baffert horse with a lot of potential, but not much to show for it.

"I took him to San Francisco," Baffert said, referring to the Golden Gate Derby, which was run in January, "and he got beat there by horses that are

But Real Quiet filled out, and bloomed, this spring, running a strong race last month at the Santa Anita Derby, where he finished second behind none other than Indian Charlie. That race established Indian Charlie as the Derby favorite, and he went off Saturday at 3 to-2 odds, to Real Quiet's 8-to-1.

Despite all the focus on Indian Charlie this week, Baffert did stop often to mention that Real Quiet was running the best workouts he had ever seen the horse run. Still, Baffert was predicting an Indian Charlie triumph, and longago, half-joking conversations he had had with Pegram about the Fish winning a Derby were far from his mind.

Real Quiet, a 3-year-old son of Quiet



Real Quiet crossing the finish line to win the Kentucky Derby in Louisville. Victory Gallop, left, came in second.

American, won for the first time in four races this year before 143,215 spectators, the third-largest crowd in Derby history. He paid \$18.80 for a \$2 bet and went home to California with \$600,000 of the purse of \$1 million.

■ King of Kings Defeats Xaar The Irish horse King of Kings, ridden by Michael Kinane, defeated the French horse Xaar to win a first British classic victory for trainer Aidan O'Brien in the 2000 Guineas. The Associated Press

reported from Newmarket, England. With 10-11 favorite Xaar struggling from early in the race Saturday, King Of Kings went by Lend a Hand a furlong out and sped away to win by 11/2 lengths.

Lend a Hand finished three-quarters of a length ahead of Border Arrow. Xaar finished fourth. O'Brien, 28, who only two months ago produced Istabraq to win the Champion Hurdle, had never saddled a runner in a British classic.

King of Kings won four of five starts a year ago, then bone chips were removed from a knee after the season.

A Stunning Upset Leaves the Devils **To Ponder Season**

By Joe Lapointe New York Times Service

KANATA, Ontario Dúring the 82-game regular season, the New Jersey Devils won 14 more games than the Ottawa Senators. But, during the best-of-seven games first round of the Stanley Cup-playoffs, the Senators won twice as many as

the Devils. By beating the Devils on Thomas, Scott Ni Saturday, 3-1, the Senators and Jason Arnott. won the series, 4-2, earning the first playoff victory of

NHL PLAYOFFS

their modern history. They were an eighth and finalseeded team, and they upset the champions of the Eastern Conference.

It is the sixth season for this incarnation of the Senators, a championship team in the 1920s that was born again through expansion. Their last victory in a playoff round was in 1927.

The Senators' foe in the second round has yet to be determined. Still alive in the East are Montreal, Pittsburgh, oston, Washington and Buffalo, which eliminated Phil-

adelphia on Friday night. In the game Saturday, an Ottawa defenseman, Igor Kravchuk, clinched the victory when he scored into an open net with 49 seconds left after the Devils pulled their goalie, Martin Brodeur, for

an extra attacker. The six-game ouster was a sobering shock for the Devils, who dominated their conference this season but have won only one playoff round

since their Stanley Cup championship in 1995. In six games against Ottawa, they managed only 12 goals. Bobby Holik, their leading goal-scorer in the regular season with 29, had no goals in the first five games and missed the game Saturday with food poisoning.

Also without a goal for the Devils in this series were Randy McKay, Steve Thomas, Scott Niedermayer

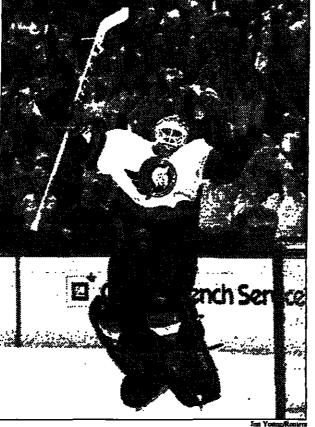
Lou Lamoriello, general manager of the Devils, said Holik "ate some fish" Friday night at a downtown restaurant during a team dinner. No other Devils were reported ill. The Devils also played without Arnott, who had surgery to repair nerve damage in his wrist caused by an accidental cut from a skate when he was on the bench in Game 5 at Continental Arena last Thursday night.

In the first 40 minutes, the Senators had a 19-14 edge in shots, which accurately reflected the difference in play. The Senators kept the Devils boxed up in their own end for

long stretches.

We were all over them from the first minute to the last," said a forward, Daniel Alfredsson. "I don't think that's a fluke."

Aleksei Yashin gave Ottawa a 1-0 lead at 8 minutes 28 seconds of the first period on a power-play goal. He beat Brodeur after taking a pass from Alfredsson behind the goal line and gliding out from the left-wing corner after the Devils' defensemen left too much space between



The Senators' goalie, Damian Rhodes, jumping for joy after Ottawa took a 3-1 lead in the game's last minute.

Kevin Dean tied the score for the Devils at even strength at 5:24 of the second period with a shot from near the blue line that might have changed direction as it headed toward the Ottawa goalie, Damian Rhodes.

Janne Laukkanen made the score 2-1 for Ottawa at 10:30 by taking a long wrist shot from the inside edge at the top of the left-wing circle. Brodeur argued with Referee Kerry Fraser, contending that an Ottawa forward, Shawn McEachern, had interfered

with him. "We had high expectations," said Brodeur of the Devils' season, which ended much earlier than expected.

"It's unacceptable." In other games, The Associated Press reported:

Stars 3, Sharks 2 In San Jose, Mike Keane scored the winning goal as Dallas fi-nally shook off the underdog Sharks with an overtime victory to win their series, 4-2.

The Sharks, the eighth seed in their conference, had jumped ahead, 2-0, but Dallas battled back with two goals in the second period and the game-winner at 3:43 of overtime.

Oilers 2, Avalanche 0 In Edmonton, Curtis Joseph made 31 saves and Edmonton defensemen scored both of their team's goals as the Oilers tied their series with Colorado at three games apiece. Doug Weight set up Drake

Berehowsky early in the game and then helped seal the victory with a slick pass to Boris Mironov in the third.

Mussina Returns in Stellar Form

Orioles' Ace Comes Off the Disabled List to Dominate Minnesota

Mike Mussina returned from the disabled list Sunday and allowed just two hits over 744 innings as the Baltimore Orioles beat the Minnesota Twins, 2-0, to win their first series in three weeks. Rafael Palmeiro and Eric Davis homered for Baltimore, which won two

AL ROUNDUP

of three from the visiting Twins after going 0-5-1 in its previous six series. Mussina had been sidelined since April 16, when a wart on the index finger of his right hand cracked open in a game against the Chicago White Sox. He had been troubled by the wart since spring training before finally going onto the disabled list to get the problem cor-

Mussina (3-2) faced only 27 batters, four over the minimum, walking four and striking out four.

The right-hander allowed only two runners past first base in improving to 12-1 lifetime against the Twins. He is 11-0 against Minnesota since losing in his sixth career start in 1991.

The Orioles had floundered without their staff ace, who owns the best winning percentage among active pitchers. He retired the first two batters in the eighth before walking two straight. Ar-

thur Rhodes then fanned Todd Walker. Rhodes walked Paul Molitor to lead off the ninth and allowed a one-out single to Ron Coomer, Minnesota's third hit of the game, before escaping with his first save.

Red Sox 2, Orioles 1 In Boston, Pedro Martinez shook off a two-game slump and shut down baseball's best hitting team as the Red Sox beat Texas. Martinez (3-0) struck out nine,

walked two, allowed five hits in seven innings and overcame three errors in the first three innings. Jim Corsi got two outs in the eighth.

Tom Gordon walked the bases loaded in the ninth before retiring Rusty Greer on a groundout for his 11th save.

Mo Vaughn's ninth homer of the season against Darren Oliver (1-4) broke a 1-1 tie in the fifth. And it gave Texas its first series loss of the season despite a strong eight-inning performance by Oliver. The Rangers had won seven of their first 10 series, splitting the other

In games played Saturday: Rangers 7, Red Sox 6 Rick Helling became the major leagues' first sixgame winner as the Texas Rangers got two homers from Kevin Elster and one from Ivan Rodriguez to beat the Red

Sox in Boston. Indians 5, Devil Rays 1 In Cleveland, Chad Ogea allowed three hits in 71/3 innings, and Sandy Alomar broke out of a slump with three hits for the Indians.

Twins 8, Orioles 7 In Baltimore, Ron Coomer homered in the 11th inning to give Minnesota its first extra-innings victory in five tries. Blue Jays 7, Athletics 0 In Oakland,

California, Roger Clemens took a nohitter into the seventh inning before Ben Grieve broke it up. Clemens (3-3), who has never

pitched a no-hitter in 422 career starts, allowed just one hit in seven innings. striking out seven and walking two. Paul Ouantrill finished with perfect relief. Mariners 4, Tigors 0 In Seattle, Ken

Griffey Jr. hit his 12th homer to tie for the major-league lead, and Jamie Moyer reer shutout.

Yankees 12, Royals 6 In Kansas City, Missouri, Darryl Strawberry hit his first grand slam in four years and Andy Pettitte won his fifth consecutive decision despite a pair of Jeff King homers.

Angels 5. White Sox 3 In Ansheim. California, Damon Mashore broke a 3-3 tie in the sixth with a two-run double off Mike Sirotka to help the Angels overcome the loss of Chuck Finley to win for the eighth time in nine games.

Troy Percival got his eighth save.

Park Pitches in With Double for L.A.

Chan Ho Park, the Los Angeles pitcher, helped himself with a two-run double Sunday as the Dodgers scored five runs in the second inning in a 10-5 victory in Pittsburgh.

Todd Zeile added a three-run homer and Park pitched two-hit ball over five shutout innings as the Dodgers won their seventh in nine games and eighth in 11 games.

Jose Silva didn't retire a batter in the second, and the highlight for Pittsburgh was Turner Ward's wall-wrecking

With runners on first and third and the Dodgers leading 9-0, Ward crashed so hard into a lightly padded section of the fence that he separated a section of it and tumbled into the area behind the wall. Ward bruised his right arm making

the catch and left the game. Zeile, who was 2-for-5 with three runs batted in, doubled ahead of singles by Raul Mondesi and Matt Luke and Todd Hollandsworth's walk. After Jose Vizcaino's run-scoring single, Park — a

.286 hitter — sharply lined a two-run double to right. Mets 5, Rockies 2 In New York, John Olerud's sacrifice fly scored the goabead run after two errors by Colorado's infield set up New York's four-run eighth inning, helping the Mets snap a six-game losing streak. The Rockies' infield committed three

errors in the eighth, allowing the Mets to score four unearned runs.
Vinny Castilla hit his major league

leading 13th homer in the ninth. Marlins 1, Padres 0 Jesus Sanchez, a rookie pitcher, gained his first career victory as Marlins beat San Diego for a split of their four-game series in Sanchez, acquired from the Mets dur-

ing the offseason as part of the Al Leiter trade, made his third career start and allowed four hits in six innings. He struck out seven and walked four. Florida got its run in the second when Jim Eisenreich singled, took third on Charles Johnson's single and scored on

Craig Counsell's groundout. Montreal, Dustin Hermanson pitched a two-hitter and Vladimir Guerrero homered for the third straight game as the Expos handed Arizona its sixth con-

Hermanson pitched his first complete game of the year and the second of his career. The right-hander retired the final 13 batters and faced just three batters more than the minimum.

The Expos scored three runs with two outs in the sixth. Guerrero hit a two-run homer off Arizona starter Willie Blair

NL ROURDUP

(0-6) to give Montreal a 3-1 lead. After Brad Fullmer doubled and Shane Andrews walked, Chris Widger singled home the Expos' fourth run. In games played Saturday:

Rockies 7, Mets 3 Ellis Burks broke out of a slump with a grand-slam with two out in the ninth inning as the Col-orado Rockies handed the New York Mets their sixth straight loss, 7-3. Castilla, Larry Walker and Neifi

Perez also homered for the Rockies on Saturday night. For Burks, stuck in a 1-for-19 skid, it

was his ninth career slam.

Todd Helton opened the ninth with his first hit in 12 at-bats against a lefthander this year, a double off Dennis Cook. A pinch-hitter, Kirt Manwaring. then walked. Greg McMichael relieved and walked another pinch-hitter, John Vander Wal, to load the bases, and Mike Lansing struck out. Burks followed by slicing a drive over the fence in right-center field for his ninth home run.

Reds 8, Brewers 5 In Milwaukee. Lenny Harris's pinch-hit run-scoring single off Chad Fox in the eighth inning broke a tie and lifted Cincinnati to victory. Barry Larkin started the winning rally with a one-out single to left that snapped a career-worst 0-for-30 slump. Larkin took third on Jon Nunnally's single and scored when Harris bounced an 0-2 pitch past Fox up the middle for a 6-5 Reds lead.

Cubs 4, Cardinals 3 Sammy Sosa doubled in Mark Grace with two outs in the 11th inning to give host Chicago the victory. Grace singled with two outs off Kent Bottenfield and Sosa doubled into the gap over the head of the leftfielder. John Mabry. Grace barreled over the catcher, Eli Marrero, to beat the relay to

The Cardinals' Mark McGwire, who has 399 career home runs, went 0-for-1 and walked four times, twice intentionally, to raise his major-league-leading total to 34 walks.

Braves 4, Giants 3 In Atlanta, Michael Tucker homered twice and Keith Lockhart hit a run scoring single off Robb Nen with two out in the ninth. Atlanta has won five straight, nine of 11 and 14 of 17. San Francisco has lost

three straight overall and 14 of 17 against the Braves.

Astros 4, Phillies 1 In Philadelphia,
Mike Hampton (5-0) allowed one run and seven hits in 744 innings to win for

the 17th time in his last 20 decisions and become the NL's first five-game winner this year. Houston has won 12 of 14. Curt Schilling gave up two runs one earned — and five hits in seven innings. He struck out 13 and walked one. Schilling, the major-league strikeout leader with 78, fanned 11 of

his last 17. He has struck out 10 or more in five of seven starts. Padres 8, Martins 7 Wally Joyner had three hits, including one that fractured the right wrist of Florida's starter, Eric Ludwick, in the third inning. Visiting San Diego took an 8-2 lead and hung on to win for the sixth time in seven games. Ludwick is to be sidelined for two to

three months. Joey Hamilton allowed five runs and eight hits in five-plus innings and Tre-vor Hoffman got three outs for his eighth save in eight chances. Dodgers 5, Pirates 4 Roger Cedeno's

two-run single and some sloppy Pitts-burgh defense helped visiting Los Angeles open a 5-0 lead. Ramon Martinez allowed four runs

— three earned — and eight hits in eight-plus innings, and Scott Radinsky got three outs for his fifth save. Catcher Mike Piazza threw out Lou Collier trying to steal second to end the game. Expos 5, Diamondback 4 In Montreal,

Ryan McGuire hit a run-scoring single off Russ Springer in the 12th, sending Arizona to its fifth consecutive loss. Shayne Bennett pitched a hitless 12th

for the Expos, who fell behind on Travis Lee's 10th-inning homer off Steve Kline but retied the game on a single by Scott Livingston and a pair of wild pitches by Felix Rodriguez.

CROSSWORD

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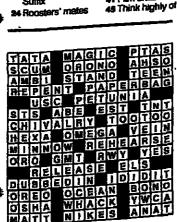
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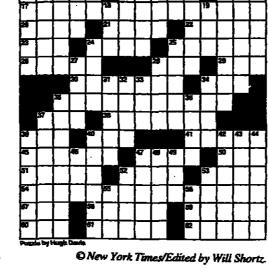
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World Roundup



Enqvist returning to Agassi in the final Sunday in Munich.

Hingis Wins on Clay

TENNIS Martina Hingis beat Jana Novotna, 6-3, 7-5, on Sunday in the final of the German Grand Prix in Hamburg. It was her first title on European red clay. Hingis, who trailed 4-2 in the

second set, rallied to level the score but needed four match points to close the match.

 Thomas Enqvist came from behind Sunday to beat Andre Agassi, 6-7 (4-7), 7-6 (8-6), 6-3, in the final of the BMW Open in Munich.

• Fernando Meligeni of Brazil won his first ATP tour title in two years, beating home-crowd favorite Slava Dosedel 6-1, 6-4 in the finals of the Czech Open men's clay-court tournament in Prague. (AP)

Boxer Critically Injured

BOXING Spencer Oliver, a British boxer, was in critical but stable condition Sunday after undergoing brain surgery in London following his knockout in a European bantamweight title defense, local me-

Oliver, 22, was floored by a right to the head from Sergei Devako, a Ukrainian, in the 10th round of his fourth title defense Saturday night. He was carried unconscious from the ring and taken to a hospital. (AP, Reuters)

Swede Wins in Italy

GOLF Patrick Sjoland of Sweden shot a 6-under-par closing round of 66 Sunday to win the Italian Open in Milan by three strokes for his

Sjoland led from start to finish at rain-shortened event and wound up with a 54-hole aggregate of 195, 21-under-par.

Jose Maria Olazabal and Joakim Haeggman tied for second at 18 under. Olazabal, who lost by a stroke to Thomas Bjorn at last week's Spanish Open, carded a final-round 65 Sunday, while Haeggman shot a 63.

Bjorn, the overnight leader, shot a final round of 68 and finished

Arsenal Tops Everton To Take League Title

Klinsmann Scores 4 Goals for Tottenham

Arsenal beat Everton, 4-0, on Sunday to clinch the English Premier League

Arsenal took the lead in the sixth minute when the Everton defenseman Slaven Bilic put the ball in his own net. Marc Overmars twice outran the Everton defense and scored with left-footed shots. Tony Adams got the final goal in the closing minutes.

Arsenal leads Manchester United by

seven points. Each team has two games

Arsene Wenger, a Frenchman who went to Arsenal in 1996, became the first coach from outside the British Isles

Kaiseriautern wins title, Page 22

to lead a team to the English league title. He was criticized in the English media until recently, principally on the grounds that he is a foreigner who speaks English with an accent and looks like a humoriess college professor.

Wenger has added a series of non-British players to the Arsenal squad but he has also perservered with the club's English back four who played on the club's championship teams in 1989 and 1991. The team is unbeaten in the league since Dec. 13. In its last 14 league games it has conceded only two goals.

Everton meanwhile, is 18th in the 20-

team division. On Saturday, Jurgen Klinsmann completed a double mission with four goals as Tottenham won, 6-2, at Wimbledon.

He returned to Tottenham in January to help save the club from the danger of relegation to a lower division and to revive his flagging chances of starting for Germany in the World Cup.

Before Saturday he had scored four times for Tottenham. His first goal evened the score at 2-2 just before halftime. He scored the next three in 11

minutes in the second half after Ben Thatcher, a Wimbledon defender, was been ejected for a dangerous tackle.

SPORTS

Klinsmann said after the game that he would not return to the Spurs next season, hinting that he had had a falling out with Christian Gross, the Swiss coach who also joined the club in midseason. Gross, too, has been criticized in the English media principally on the grounds that he is a foreigner who speaks English with an accent and looks

like a humorless college professor. Crystal Palace lost, 5-2, at Bolton and Barnsley lost, 1-0, at Leicester. Neither can escape the bottom three places in the and will be demoted next season. Bolton needs to match Everton's result next weekend to stay in the Premier League and push Everton down.

Middlesbrough and Nottingham Forest will replace Palace and Barnsley next season. Forest had already garnered first place in the first division. Middlesbrough clinched second in the final round of matches Sunday. It beat visiting Oxford United, 4-1, to finish one point ahead of Sunderland which won, 2-1, at Swindon. Sunderland will go into a four-team playoff with Charlton, Ipswich Town and Sheffield United to determine which is elevated to

the Premier League.

Manchester City, twice the English league champion, was relegated to the second division despite winning, 5-2, at Stoke City. Stoke and Reading will also both go down to the second division. ITALY Calm returned to the Italian

eague Sunday as the leader, Juventus. and second-place Inter Milan both played to goalless draws. When the two teams met last Sunday, Juventus won, 1-0, sparking a week of angry debates. Juve rarely threatened to score as it drew at Vicenza, but Inter twice hit the post against Piacenza in Milan. Juventus leads by four points with two games left. Udinese, Parma and Roma made sure



Marc Overmars shooting his 2d goal for Arsenal as he outpaced Dave Watson, left, and Michael Ball of Evering

of gaining places in the UEFA Cup competition next season.

Oliver Bierhoff, another candidate to lead Germany's aging attack in the World Cup, followed Klinsmann's four goals with two as Udinese beat lastplace Napoli, 3-1. Bierhoff is the leadng scorer in Serie A with 25 goals.

Parma drew, 2-2, with Sampdoria of Genoa, and Roma routed AC Milan 5-0 as Luigi Di Biagio scored two goals.

Fiorentina stayed on track for Italy's fourth UEFA berth by thrashing Brescia, 5-1, with two goals from Gabriel Batistuta. Brescia fired its coach, Paolo Ferrario, hours before the game.

SCOTLAND Celtic could only draw 1-1 at Dunfermline on Sunday, so the race for the Scottish title will go to the final

Rangers lost, 1-0, at home to Kilmarnock on Saturday, but Celtic missed a chance to clinch the title. It leads Rangers. by two points with one match left. Simon Donnelly put Celtic into the lead after 35 minutes but with seven minutes to go Craig Faulconbridge, a substitute, pulled

SPAIN Juninho, the Brazilian midfielder, returned Sunday after three months out with a broken leg as Atletico Madrid lost, 2-1, in Mallorca. Athletic Bilbao beat Oviedo, 3-0, to take second place behind Real Madrid (AP, IHT, Reuters)

■ Fashanu Found Dead

Dunfermline even.

Justin Fashanu, a former English soccer star who was wanted in the United States on charges of sexually assaulting a teenager in Maryland, was found dead Sunday in a garage in east London according to the police. The Associated Press reported from London.

Police sources said it appeared that

hanging.
Fashanu had been a promising center forward who was transfered from Norwich City to Nottingham Forest, one of the top clubs in Europe at the time, for \$1.67 million in 1981.

However, a knee injury kept him on of the game for six years in the 1980s and he became better known for admitting he was gay in 1990. He was the brother of John Fasharu.

England's former striker. The police in Maryland said Wednesday they were hunting the 37-year-old after charging him with sexual assault.

Knicks Get Their Revenge, Eliminating the Cold Heat, 98-81

The Associated Press MIAMI — The New York Knicks knocked the Miami Heat out of the playoffs with a 98-81 victory in Game 5 of their first-round series on Sunday.

For the Knicks, it was sweet revenge for the disastrous ending to their 1996-97 season at the game, New York was missing the services of its star center, Patrick Ewing, and other key players who had been suspended for leaving their bench area in a Game 5 brawl at Madison Square

But this year's Knicks — again without the services of Ewing, who has been injured for months — accomplished exactly what they set out to do. And now they're in the second round against the Indiana Pacers.

The was victory made easier by the absence of Miami's Alonzo Mourning, who was suspended along with Larry Johnson and Chris Mills of the Knicks for a fight at the end of Game 4. But it was no walkover, either.

New York led by 20 points, but Miami fought back with a 21-3 run to cut the gap to two points with 7:16 remaining. The Knicks answered with a 19-7 run that left Heat fans heading to the exits before the clock even ticked inside two minutes.

Allan Houston scored 30 points, John Starks Ward hit a crucial 3-point shot that killed Miami's rally. Ward also had 14 assists and five steals, and Buck Williams had 12 points and 14 rebounds as New York took advantage of Mourning's absence to dominate inside.

Tim Hardaway led Miami with 21 points, but he was not a factor for long stretches. The Heat were outrebounded, 43-34.

This game was a little tamer than Games 1 though 4 in the series. There was only one flagrant foul, one technical foul and none of the slit-throat gesturing and fisticuffs. When it ended, Hardaway even sought out a few of the Knicks to offer a

congratulatory handshake.

seventh-seeded Eastern Conference team beat a point shots while the Timberwolves franchise No. 2 seed. It has happened three times in the

The Heat had taken early leads in the first four games, but this time the Knicks came out hot. Starks hit his first two shots, Oakley made his first lead. They led, 47-31, at halftime.

In a game played Saturday, the Los Angeles

SuperSonics 97, Timberwolves 84 The fairy-tale Minnesota Timberwolves chased the veteran SuperSonics into the second half of Game 5 in Seattle

before their carriage turned into a pumpkin. The Timberwolves hit 10 of 15 three-point shots in the first half and led by 11 as the Ghost of SuperSonic Playoffs Past fluttered into memory.

George Karl, coach of the SuperSonics, told his team at halftime: "I'm almost certain they're gonna start missing, so get the rebounds.'

In the second half, Anthony Peeler and Terry This was the first time in NBA history that a Porter did start missing, going one for 10 on 3-

players turned back into children.

Kevin Garnett, who made three of six shots in the first half, went 0-for-5 in the second with eight turnovers. Stephon Marbury, who spent the series inside the lane collapsing the SuperSonic defense went 1-for-8 in the second half. When the St perSonics took their first double-figure lead, with 8:44 left, the Timberwolves had scored only 19 points in the second half.

"I'm gonna go down with a fight," Marbuy said of his late flings. "I learned something, though. I learned you got to be patient on every play. We started rushing our shots. We started

forcing things, taking ill-advised shots."

With Vin Baker paralyzed by double-teams,
Gary Payton saved Seattle. Payton had 10 of their 44 points, 3 of their 11 assists and 3 of their 5 steals

by halftime. Payton played all 48 minutes - during which he scored 29 points, with four assists and four steaks - to make sure.



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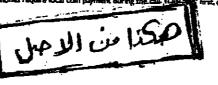
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